AIR FORCE MATERIEL COMMAND
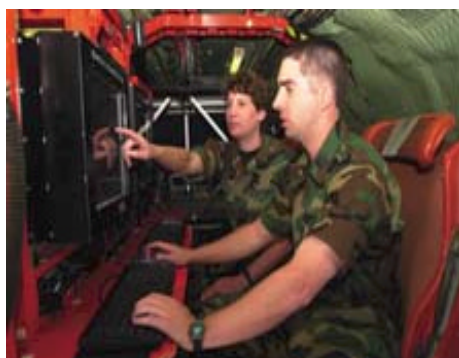
FISCAL YEAR 2000
ANNUAL REPORT

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AFMC Mission

Through the integrated management of research, development, test, acquisition and support, we advance and use technology to acquire and sustain superior systems in partnership with our customers and suppliers. We perform continuous product and process improvement throughout the lifecycle. As an integral part of the Air Force war-fighting team, we contribute to affordable combat superiority, readiness and sustainability.

This Is AFMC

**Ogden
Air Logistics Center**

**Oklahoma City
Air Logistics Center**

**Headquarters AFMC,
Aeronautical Systems Center,
AF Research Laboratory,
AF Security Assistance Center**

**Electronic
Systems
Center**

**Sacramento
Air Logistics
Center**

**Arnold
Engineering
Development
Center**

**Space and
Missile Systems
Center**

**Warner Robins
Air Logistics
Center**

**Air Force
Flight Test Center**

**Aerospace Maintenance and
Regeneration Center**

**San Antonio
Air Logistics Center**

**Air
Armament
Center**

Responsibilities: Major product, logistics and test centers, Air Force Research Laboratory, Air Force Test Pilot School, and Air Force School of Aerospace Medicine.

People
Active Duty 26,278
       Officers 7,575
       Enlisted 18,703
AFRC ....….2,316
Civilians 60,054
Total ....…88,648

Flying Hours
Per Month: 2,000

Funds Managed
Total Funds Managed......................................…. …………………………………..$41B

AFMC Funds Expenditure in AFMC Net Operating Results (NOR) $16.3B*
    Science and Technology (S&T)   **$ 0.5B**
    Appropriated Funds (Non S&T)   **$ 5.6B**
    AFMC Working Capital Funds (WCF)   **$10.2B**
      Information Services   **$0.5B**
      Material Supply Division   **$4.4B**
      Depot Maintenance   **$5.3B**

AFMC Funds Expenditure Not in AFMC NOR $24.7B
    Other Appropriated Funds $20.1B
    Other Working Capital Funds $ 4.6B

*The financial information presented later in this report pertains only to funds included in the AFMC NOR.

CC Message

General Lester L. Lyles
AFMC Commander

To our stakeholders,

It is truly an honor to address you as the Commander of Air Force Materiel Command (AFMC). First, I would like to thank my predecessor, General George Babbitt, for his skilled leadership in creating a culture that focuses on reducing operating costs while still meeting our customers' needs. Putting the organization and everything we do at AFMC on a business posture has been an extremely valuable effort…and I plan to continue it.

I am very proud of the many accomplishments we made in fiscal year 2000. The 88,000 dedicated men and women of AFMC, our most valuable resource, turned in another stellar performance and made significant strides in the areas of logistics, acquisition excellence, and science and technology (S&T).

Logistics: Our logisticians continued to provide outstanding supply chain management with an impressive trend of reducing customer backorders. The Material Support Division successfully reduced the number of backorder units from 373,700 to 263,000 (a 30% decrease). We also met our goals in stockage effectiveness and logistics response times, reducing the overall logistics response time from 41 days to 37 days.

Acquisition Excellence: In October 2000, we cut the ribbon on the new Combined Air Operations Center Experimental development office at Langley AFB. This Command and Control (C2) program puts technology developers and testers on site with Air Combat Command, the principle user. This may be a useful model for development of other elements of the Air Force (AF) C2 system.

Science & Technology: The road to future AFMC and Air Force (AF) success is paved with advances in S&T. In 2000, we revitalized our commitment to technology by hosting summits with CSAF, SecAF, and MAJCOM Commanders that reviewed the entire AF S&T portfolio. We also teamed with the Air Force Institute of Technology and the AF Director of Personnel to aggressively pursue scientist and engineering (S&E) educational opportunities, focusing on S&E recruiting and retention. This effort culminated in the first ever S&E Summit in December 2000.

Overall, Y2K was a very successful year for AFMC, but there are many challenges remaining for 2001 and beyond. We missed several key performance and financial goals in the Depot Maintenance Mission Area and are taking the necessary steps to improve our programmed depot maintenance and depot level reparable spares support.

Additionally, after a decade of downsizing, the AFMC civilian workforce is "out of balance." As we absorbed a 48% reduction in our force, our ability to employ new workers has been tightly constrained. This lack of hiring coupled with the aging of the "baby boomers" has skewed our civilian work force demographics. By 2005, over 50% of the AFMC work force will be eligible to retire, and there are few in the pipeline to replace these eventual losses. To combat this situation, we have established, for a limited term, a Human Resources Program Office to institutionalize work force shaping processes across the command. Current initiatives include the development of entrance and exit interviews, deployment of a comprehensive communications plan, advocacy of needed legislative and policy changes to streamline recruiting and retention authorities, and greater emphasis on ensuring the current force is properly trained.

Although we passed the "Y2K" computer test with flying colors, many Information Technology (IT) obstacles remain. We struggle each year to provide the basic computer services to our internal customers, let alone make the necessary investments in information assurance and technology refreshment. I recognize, however, that we are not alone in this area. All organizations, both private and public, face similar challenges to strengthen computer network security and maintain interoperability in the dynamic IT world. At AFMC, we have developed a comprehensive Network Services Plan that outlines our investment strategy to ensure we can meet the information technology demands of the 21st century.

We embrace these challenges! We are excited about the future and the opportunities it holds for AFMC and the Air Force. We look forward to being good stewards of the taxpayers' and our customers' money, and we will continue to pursue operating cost reductions while striving to be the warfighter's first choice in providing world-class agile combat support.

HQ AFMC LEADERSHIP

Gen Lester L. Lyles
Commander

Lt Gen Charles H. Coolidge, Jr.
Vice Commander

Dr. J. Daniel Stewart
Executive Director

Maj Gen Todd I. Stewart
Director, Plans & Programs

Maj Gen Everett G. Odgers
Director of Financial Management & Comptroller

Maj Gen Paul L. Bielowicz
COO, Depot Maintenance
& Supply Management

Maj Gen Michael P. Wiedemer
COO, Product Support
& Information Services

Debra L. Haley
COO, Information Management

James A. Papa
Director of Engineering

Brig Gen Wilbert D. Pearson, Jr.
COO, Test & Evaluation

Brig Gen Paul D. Nielsen
COO, Science & Technology

Brig Gen Stanley A. Sieg
Director of Contracting

Brig Gen Jerald D. Stubbs
Staff Judge Advocate

Brig Gen David M. Cannan
COO, Installations & Support

AFMC CENTER LEADERSHIP

Gen Lester L. Lyles
Commander, AFMC

Lt Gen Robert F. Raggio
Commander, Aeronautical Systems Center

Lt Gen Eugene L. Tattini
Commander, Space & Missile Systems Center

Lt Gen Leslie F. Kenne
Commander, Electronic Systems Center

Maj Gen Michael C. Kostelnik
Commander, Air Armament Center

Maj Gen Dennis G. Haines
Commander, Warner Robins
Air Logistics Center

Maj Gen Claude M. Bolton, Jr.
Commander, AF Security Assistance Center

Maj Gen Scott C. Bergren
Commander, Ogden
Air Logistics Center

Maj Gen Richard V. Reynolds
Commander, Air Force
Flight Test Center

Maj Gen Charles L. Johnson II
Commander, Oklahoma City
Air Logistics Center

James C. Barone
Commander, Sacramento
Air Logistics Center

Brig Gen Robert M. Murdock
Commander, San Antonio
Air Logistics Center

Brig Gen Paul D. Nielsen
Commander, AF Research Laboratory

Col Michael L. Heil
Commander, Arnold
Engineering Development Center

Col Reed Roberts
Commander, Aerospace Maintenance
& Regeneration Center

FM Message

Major General Everett G. Odgers
Director of Financial Management and Comptroller
Air Force Materiel Command

The Air Force Materiel Command (AFMC) Fiscal Year 2000 Annual Report financial assessment clearly documents the significant advances made by the mission areas in managing resources by using cost per output measures. We also document specific performance measures to gauge our progress toward achieving our strategic objectives. The report complies with the requirements of the Chief Financial Officers Act, the Government Management Reform Act and the Government Performance and Results Act.

During Fiscal Year 2000, we continued using net operating results (NOR) as a financial performance measurement for both appropriated funds and working capital funds. Fiscal Year 2000 financial performance was disappointing, the eight mission areas operated at a negative NOR of $337.3 Million, a $590.4 Million decrease from Fiscal Year 1999 NOR. This decrease in NOR was driven by many factors, but was most heavily influenced by the transfer of workload from the two closing air logistics centers to other centers. We anticipate a major turnaround in financial performance in Fiscal Year 2001.

The financial management community remains steadfastly dedicated to our goal of providing more timely and accurate financial information to mission area managers. We have focused initiatives on specific weaknesses in the Command's financial data gathering and reporting systems. Our efforts range from enhancing current systems to replacing systems that have outlived their usefulness. Many of these efforts cross functional lines and also involve close collaboration with the Defense Finance and Accounting Service. The goal is to have accurate, timely financial information for our mission area managers and corporate staff by Fiscal Year 2004. Appendix C to this report provides more detailed information on our efforts.

Additionally, achieving compliance with the Chief Financial Officers (CFO) Act continues to drive our efforts to improve the timeliness and accuracy of our financial reporting and procedures. Our objective is to produce auditable financial statements by Fiscal Year 2004. This year saw major steps forward toward that vision. One of the these steps was AFMC being appointed as the Air Force agent for collecting and reporting all National Defense Property, Plant and Equipment (approximately 84,000 items) for Air Force Financial Statements. We were able to streamline the reporting process through uniform reporting, specific data calls and system enhancements.

A second major achievement was establishing the Program Management Office (PMO) whose charter is to change the way we value depot reparable spares used by our customers to maintain Air Force weapon systems and equipment. This single initiative will correct several outstanding CFO compliance issues.

While financial performance did not meet expectations, AFMC continued to make significant progress across the entire spectrum of financial and performance measurement. Having built a strategic plan with clearly articulated goals and objectives, we anticipate making faster progress over the coming fiscal year. Again, the ultimate goal is to produce more accurate financial data that will satisfy the CFO Act requirements, and provide managers with better financial management tools and more accurate financial data on which to base their decisions.

Financial Highlights

($M)	FY00	FY99	FY98
Information Services			
Earned Revenue	524.3	452.0	392.0
Expenses	535.5	453.0	398.0
Net Operating Result	-11.2	-1.0	-6.0
Product Support			
Earned Revenue	2112.9	1881.3	1935.2
Expenses	2119.1	1888.2	2005.1
Net Operating Result	-6.2	-6.9	-69.9
Depot Maintenance [5]			
Earned Revenue	5273.8	5215.3	4998.5
Expenses	5382.8	5026.9	4960.0
Net Operating Result	-109.0	188.4	38.5
Supply Management [6]			
Earned Revenue	4224.8	4492.4	4269.9
Expenses	4409.3	4412.5	4117.3
Net Operating Result	-184.5	79.9	152.6
Science and Technology			
Earned Revenue	527.0	567.2	558.0
Expenses	526.6	527.0	512.5
Net Operating Result	0.4	40.2	45.5
Installations and Support [7]			
Earned Revenue	1625.7	1757.8	1782.5
Expenses	1648.3	1805.2	1794.6
Net Operating Result	-22.6	-47.4	-12.1
Information Management [8]			
Earned Revenue	327.7	524.0	626.0
Expenses	328.9	520.3	627.9
Net Operating Result	-1.2	3.7	-1.9
Test and Evaluation [9]			
Earned Revenue	1208.6	1202.2	1130.6
Expenses	1211.7	1206.0	1121.5
Net Operating Result	-3.1	-3.8	9.1
HQ Corporate Services [8]			
Earned Revenue	123.1	128.5	135.5
Expenses	123.1	128.5	135.5
Net Operating Result	0.0	0.0	0.0
AFMC Total			
Earned Revenue	15948.0	16220.7	15828.2
Expenses	16285.3	15967.6	15672.4
Net Operating Result	-337.3	253.1	155.8

The Net Operating Result (NOR) is the difference between earned revenue and expenses. Earned revenue is the actual cost or monetary resources applied to a mission area output. The NOR indicates whether the actual cost of outputs was higher or lower than earned revenue. It has nothing to do with the level of funding or the amount of budget authority. If a mission area reflects a negative NOR, it suggests the cost of delivering outputs was higher than anticipated and more resources were used than planned during the year. A positive NOR does not necessarily indicate excessive budget. It may indicate some products or services were delivered more efficiently than forecasted.

Note: Footnotes are explained in the Notes to Principle Statements section in Appendix A.

Fiscal Year 2000 Accomplishments
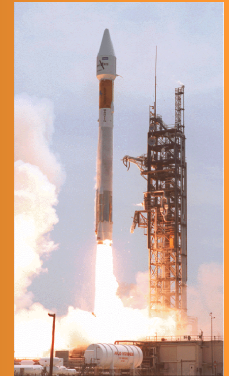
AFMC has a performance-cost management philosophy based on a belief that traditional budget management focuses on the wrong thing- amount of budget available. Prior to FY98, we reviewed our programs from the standpoint of whether or not we had sufficient resources to accomplish the mission. There was little incentive to identify efficiencies. AFMC's transition to a performance-cost management philosophy has changed our focus. Today, we place more emphasis on the cost and quality of products and services to our customers.   The goal is to improve processes and deliver product performance at levels required by operational commands and other customers to perform their mission, referred to as "standard" performance, while minimizing costs. In order to manage and control costs, it is essential to know the products and services (outputs) produced, the performance requirements for these outputs, and the costs associated with producing these outputs. AFMC's management framework was designed to facilitate this transition.

The Command Strategic Objectives and Mission Essential Task List (METL) are the foundation of this philosophy. Both provide the direction necessary for developing our Command program. These documents should translate directly into the outputs we produce to accomplish our daily mission and the investments we make to perform our mission better in the future. Knowing the cost to produce quality outputs and the projected demand for our products enable us to estimate the total cost of accomplishing AFMC's mission. This cost, combined with the cost of completing our strategic objective action plans, defines AFMC's annual program cost. The philosophy is simple; however, execution of the philosophy can be challenging and time-consuming. We believe the payoff outweighs the difficulty. The following pages document our accomplishments in FY00. While we did not meet every goal we set, we did improve our performance in every mission area.
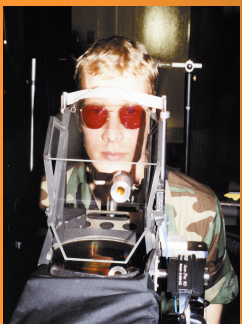
INFORMATION SERVICES MISSION AREA

## Major General Michael P. Wiedemer
Chief Operating Officer

The Information Services Mission Area (ISMA) sustains global combat support information systems by managing the life cycle of these systems, performing system updates and providing customer service help desk support 24 hours a day, 7 days a week. The ISMA manages software systems from their inception through their retirement, providing single-management for Air Force standard systems.

FY00 Highlights

Y2K: The Y2K event and all associated date problems passed with barely a blip in the operation of Air Force systems. Our preparation paid off spectacularly, with our newly-created Fusion Center recording over 400 suspected incidents Air Force wide, with very few causing any kind of operational deficiency. Where one did pose a potential threat, the customer who did need an overnight patch got it without a single interruption in operations.

Defense Security Enterprise Program: During the past year, the ISMA has taken over management oversight of the Defense Security Enterprise Program. Since taking over in November 1999, we have more than doubled the output of the system by increasing the number of security clearances checked from 22,500 cases per month to 55,000 cases per month.
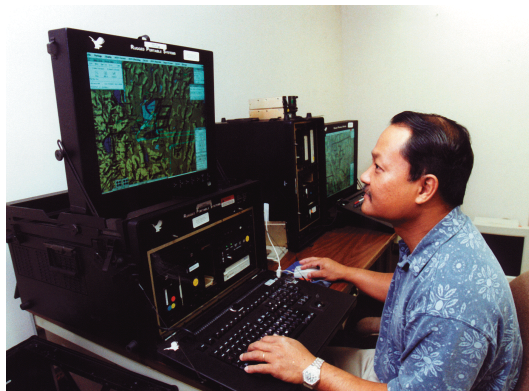
Mission Statement
Develop, acquire, sustain, integrate, modernize and secure combat support information systems for the United States Air Force and Department of Defense customers.

Strategic Objectives

Expeditionary Aerospace Force - Meet or exceed performance, cost and schedule objectives as stated in customer Service Level Agreements (SLAs)

Weapon Systems Support - Respond to and correct deficiency reports (DRs) faster and more accurately, and ensure protection of managed combat support information systems

Cost - Meet Net Operating Result (NOR) and Accumulated Operating Result (AOR) targets; and reduce Information Services (IS) overhead as a percentage of total costs from 13% to 10% by FY07, while maintaining or reducing unit cost of goods and services

Work Force - Retain and recruit personnel, mentor them, and provide professional development training, education and health and wellness opportunities

Infrastructure - Properly size the IS capital infrastructure

Business Base: ISMA has continued to expand its business base in the Air Force Working Capital Fund from $452M in FY99 to $524M in FY00, and has done a remarkable job of reducing the cost of doing business. In FY00, the ISMA successfully identified and pushed through corrections to erroneous prior year military pay postings. This will result in savings to our customers of $15.7M in FY02.

Air Force Portal: Within 60 days, we developed and then demonstrated the Air Force Portal at CORONA Fall. The portal will allow Air Force people to conduct nearly any type of official business from their own desktops, world-wide. This gives us real Air Force dot.com capability, providing secure connectivity to the many systems that we do business with daily via a single worldwide web entry point.

Network Applications Laboratory (NAL): To rapidly assess and prototype commercial innovations as they emerge, we have created the NAL, a four-node operation that utilizes the existing capabilities at four separate locations including Standard Systems Group (SSG) and the Materiel Systems Group (MSG) Information Technology Access Center (ITAC). The NAL provides a way by which proven information technology (IT) solutions may be placed in front of government IT professionals to allow investigation of what new technologies would be of benefit to not only AFMC, but the Air Force. The NAL is reviewing developing IT solutions to improve communications, tighten security and lower IT costs at Wright-Patterson AFB, Scott AFB, Kelly AFB, and Maxwell AFB, Gunter Annex. The goal is to evaluate over 95% of the new applications, most evaluations will be completed in fewer than 60 days. The NAL will provide for rapid application of tools and technology.

Communications and Information (C&I) Utility: As the second Spiral for AFMC's C&I Utility, the ISMA is in the process of providing a Desktop Management (DTM) capability to the Command. This capability will provide each site with an automated means to perform centralized configuration management of end user personal computers by accomplishing the following: software distribution, software and hardware inventory, and remote control for Help Desk assistance. On 11 Sep 00, AFMC/SC signed an Interim Authority to Operate letter as the first step in the DTM Certification and Accreditation process. As of 1 Oct 00, Tivoli products, the selected tools of choice, had been installed on over 40,000 of the total 120,000 endpoints. The DTM project is scheduled to be completed by 31 Mar 01.

Computer Accommodations Program (CAP): CAP provides many forms of modifications or adjustments to computer systems to enable employees with disabilities to do their jobs productively and effectively. This program resides within the MSG and continues to grow dramatically. During FY00 the number of new CAP clients increased by 32%. Additionally, since partnering with AFMC/SC in FY98, CAP has experienced a continual growth at AFMC locations such as Tinker, Hill, Robins, Eglin, and Arnold AFBs. CAP recently completed research into determining the effect the CAP Program has on AFMC Workers' Compensation claims. This analysis showed a potential $1.9M cost avoidance for the Command. ISMA completed a Business Case Analysis and the findings determined that by continuing the CAP initiative, there will be a discounted savings of $17M resulting in the customer experiencing a 75% Return on Investment.

LeaveWeb: The ISMA worked with AMC/FM in developing a system to automate the military leave request, approval, tracking and reporting process via a web browser. We took AMC's requirements, worked with potential vendors and went from contract award to system delivery at Scott AFB in less than 6 months. Appropriately named LeaveWeb, the system is operational at Scott AFB and is planned to be exported to the rest of AMC and the Air Force as funding permits. In addition to automating the request and approval process, the system will eliminate the manual entry of ordinary leave information in every finance office on every Air Force installation.

CIT-PAD: We are the Air Force's continuously expanding Information Technology Superstore. The SSG Commercial Information Technology Product Area Directorate (CIT-PAD) has increased capacity to leverage USAF buying power for Information Technology ranging from Palm Pilots to Network Servers and all the peripherals. The CIT-PAD purchased products at an average of 20% below GSA pricing, a savings of $120M to its customer. We have also established the first ever 10 year ORACLE buy, saving $800M over ORACLE's retail prices. We continue to break records for amount of business done and to do it faster, better, cheaper than we did before. For example, the CIT-PAD pioneered end-to-end Internet ordering capability, reducing average order time from 41 days to 3 hours.

Key Performance Indicators:

Performance Indicator	FY00 Plan	FY00 Actual
DR 1 Fixes	66% fixed within 48 hours	61%
DR 2 Fixes	50% fixed within 45 days	57%
Software Releases	95%	88%

During FY00, ISMA was only 5% short of meeting its goal to have a major mission impact deficiency fixed within 48 hours (DR 1 or Priority 1 Fixes). However, ISMA, exceeded the goal for deficiencies to have a workaround until software can be fixed within 45 days (DR 2 or Priority 2 fixes). Although it missed the goal by 7%, ISMA performed well on implementing the scheduled upgrades, patches and new software releases as scheduled per quarter.

PRODUCT SUPPORT MISSION AREA
Major General Michael P. Wiedemer
Chief Operating Officer

The Product Support Mission Area (PSMA) supplies life-cycle management services to plan, develop, acquire, modify and technically sustain highly effective and affordable aerospace weapon systems. The PSMA performs these services for the Air Force's operational major commands, Foreign Military Sales customers, other Department of Defense services and other government agencies. The PSMA operates in concert with the Air Force's Program Executive Officers (PEOs), Designated Acquisition Commanders (DACs), and AFMC Center Commanders to provide warfighting solutions.

The PSMA is the largest of AFMC's eight mission areas in terms of dollars managed. In FY00, PSMA's organic workforce of over 20,000 people managed investment programs valued at over $18 billion and provided field support for approximately 1,000 different operational systems. Our cost to provide these management services was approximately $1.7 billion in FY00.

FY00 Highlights

Strategic Partnering: PSMA facilitated a strategic planning offsite with AFMC/CC, SAF/AQ and HQ USAF/IL. This event reinforced the partnership between these key Air Force acquisition and sustainment leaders and created a framework to develop synergistic plans to better serve the warfighters. PSMA also served as an active partner in developing the new DOD 5000 series acquisition directives.

Warfighter Support: PSMA convenes various forums for AFMC/CC to assess the quality of system support delivered to our customers. PSMA hosted an AFMC/CC review with each MAJCOM to discuss their top concerns. The Commander's Operational Readiness Review (CORR) was restructured to highlight center cross-cutting tasks.

Mission Statement
Deliver superior aerospace systems and support to the warfighters by providing lifecycle leadership and integrated command products and services

Strategic Objectives

Weapon Systems Support - Equip and sustain effective aerospace forces in partnership with industry while ensuring life cycle system safety and integrity

Cost - Operate PSMA as a business in a cost-effective manner

Work Force - Provide a flexible workforce with appropriate skills and expertise

Modernization - Integrate affordable advanced concepts and technologies into weapon systems to meet warfighters' needs

Infrastructure - Size and configure the capital infrastructure to effectively and efficiently support PSMA activities and workforce

The CORR was also partially merged with PEO portfolio reviews to reduce administrative overhead and to promote communication between AFMC/CC, HQ USAF/IL and SAF/AQ. Furthermore, the PSMA Warfighter Support portal was developed to link readiness information from the MAJCOMs with weapon system single manager information to produce a consolidated assessment of "health of the command" support to the warfighters.

Workforce: PSMA developed a PSMA and program management functional annexes for AFMC's 2005 Work Force Shaping Study. The combined annexes comprise the PSMA Human Resources Plan. PSMA established a Human Resources Steering Group to ensure efficient and effective workforce shaping and career development across the mission area at all centers. PSMA also participated in the CSAF-directed Developing Aerospace Leaders Committee, focused on defining a competency list for future acquisition and sustainment leaders.

Activity Based Costing/Management (ABC/M): The PSMA ABC Configuration Control Board (CCB) designed an overarching ABC/M model for the entire PSMA community. The model's hierarchical design permits individual centers to break down their PSMA activities to the desired level for local management purposes. This ABC/M capability is expected to identify process improvement opportunities.

Financial Management: PSMA created a highly successful online financial planning tool to identify requirements and allocate funding. This tool, the Product Support Business Management System (PBMS), supports an ABC/M approach by linking financial resources to standard activities and outputs. PSMA uses PBMS to conduct all major financial exercises. Additionally, financial analysis revealed that PSMA was receiving and executing funds programmed by the operational commands to support operational missions. In FY00, PSMA transferred execution responsibility back to the operational commands where these requirements will compete against other operational requirements for resources.

Knowledge Management: Over 2,000 AFMC personnel completed PSMA courses in FY00 utilizing the online Systems Acquisition School (SAS) Virtual Schoolhouse which resulted in a $1.4M cost avoidance over traditional training methods. In addition, PSMA trained over 3,000 personnel on the new Deskbook web version. PSMA fielded the AFMC Warfighter Support portal, providing the AFMC Commander and command decision-makers one-click access to readiness and logistics support information. PSMA also fielded the AFMC Help Center for the Warfighter, providing web portal access to all AFMC web sites with search capability of over 150,000 documents.

Integrated Program Definition: PSMA, in partnership with SAF/AQ, updated the USAF Program Master List into the Merged Acquisition/Fielded Systems Portfolio (MAFSP). The MAFSP merges acquisition programs and sustainment programs into a single, centrally-managed, internet-based product list. The MAFSP serves as PSMA's basis to plan, program and budget its resources and to evaluate its performance.

Common Systems: PSMA created the Common Systems Requirements Board (CSRB) as a formal process to prioritize common systems requirements and to make funding recommendations to HQ USAF/IL. In FY00, AFMC/CC proposed 12 common system initiatives validated by the CSRB to the senior Air Force leadership at a total value of $1.73M.
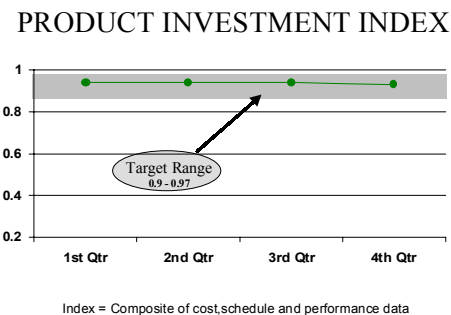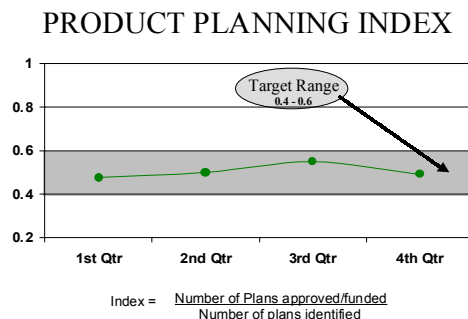
Key Performance Indicators:
The PSMA was responsible for performing two AFMC mission essential tasks in FY00:
• AFMC Task 1: Provide technical support for fielded systems including coordination of the vendor base
• AFMC Task 5: Develop and acquire weapon systems that are effective in combat operations

For FY00, PSMA evaluated its performance on AFMC Task 1 by examining various readiness, reliability, maintainability, safety and cost of ownership indicators gathered in a field support index. PSMA began using this index mid-year and plans to continue to refine this metric. The target performance range is .9 to 1.0 which was achieved. Over FY00, weapon system readiness levels remained constant for most weapon systems. Aircraft mission capable rates, although below standard halted their decline for the first year since the early 1990's.

FIELD SUPPORT INDEX
Composite Readiness, Reliability, Safety, Maintainability, Cost

Target Range 0.9 - 1.0
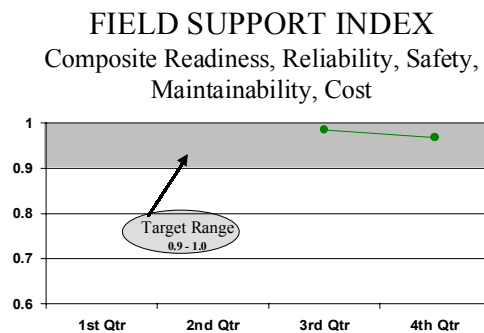
PSMA used two different indicators to measure its performance in accomplishing AFMC Task 5. The first indicator is the product planning index. This index indicates how well PSMA has focused its management attention and resources toward developing modernization plans for the customers' highest priority products. An index in the target .4 to .6 range indicates a healthy planning process. PSMA's cumulative performance for this indicator was .5 in FY00.

PRODUCT PLANNING INDEX

Target Range 0.4 - 0.6

Index = (Number of Plans approved/funded) / (Number of plans identified)

PRODUCT INVESTMENT INDEX

Target Range 0.9 - 0.97

Index = Composite of cost, schedule and performance data

The second indicator is the product investment index. This index evaluates the cost, schedule and performance aspects of acquisition programs subject to Program Executive Office/Designated Acquisition Commander (PEO/DAC) review. The purpose of this index is to identify problem acquisition areas, focus management attention on systemic issues, and to drive decision-makers to evaluate whether program management resources are properly allocated. This index is built from the cost, schedule, and performance data submitted by the single managers in the periodic PEO/DAC Portfolio Reviews and SAF/AQ Acquisition Reports. An index in the target .90 to .97 range indicates a healthy acquisition process. In FY00, PSMA's cumulative performance for this indicator was .93 in cost, .92 in schedule, and .97 in performance for a total .94 composite performance.

DEPOT MAINTENANCE MISSION AREA

Major General Paul L. Bielowicz
Chief Operating Officer

The AFMC Depot Maintenance Activity Group (DMAG) industrial infrastructure comprises government and contractor repair centers performing depot level repair functions. Together they provided over $5 billion (approximately $3.2B from government, $2.1B from private sources) of repair work and other services to customers throughout the Air Force, as well as to other service branches, US Government agencies and foreign governments. The DMAG repairs a wide range of customer assets including aircraft, missiles, aircraft engines and engine modules, landing gear, electronics, avionics, composites, and computer hardware and software. In addition, the Air Logistics Centers are the primary suppliers of repaired components to the Supply Management Activity Group operations.

FY00 Highlights

In FY 2000 the DMAG performed programmed depot maintenance (PDM) major overhauls on 850 aircraft and overhauled nearly 750 aircraft engines. Cumulative aircraft delivery performance averaged 67 percent (on time or early) for the year. The primary driver of late deliveries was over and above maintenance due to extensive structural work (C-135), severe corrosion (C-135, E-3), horizontal stabilizer (C-5), landing gear (C-5), and cracked wing fingers (F-16). Post dock maintenance, functional check flight problems, parts, manpower and skill level imbalances, and fuel problems also contributed significantly to delivery problems. Centers are continuing to apply Aircraft Repair Enhancement Program (AREP) procedures to gain reductions in aircraft PDM flow days. Integrated Product Teams (IPTs) are working the issue. Centers continue to refine critical paths to maximize manloading potential. The Aircraft Quality Defect Rate has continued to remain at a low average of 0.21 defects per aircraft produced.

Mission Statement
Repair systems and spare parts that ensure readiness in peacetime and provide sustainment to combat forces in wartime.

Strategic Objectives

Expeditionary Aerospace Force -
• By the end of FY05, reduce total flow days for aircraft undergoing depot maintenance 20% from FY00 baseline

• Meet end item delivery commitments 95% of the time by end of FY05

Weapons Systems Support - Sustain and improve weapon systems by meeting or exceeding specific cost, schedule, safety, and certification commitments by FY05.

Cost - Reduce unit cost of AFMC products and services in real terms (without inflation) 8% from the FY98 baseline by FY07, while maintaining appropriate performance standards.

Work force - Develop a qualified flexible workforce in sufficient numbers with appropriate employment/skills mix by FY05 to support the AFMC FY07 performance and cost objectives.

Infrastructure - Support the missions and people at AFMC installations with capital infrastructure that is properly sized, configured, and maintained to enable productive operations and achieve Air Force quality of life standards.

Work Force: During FY00, turbulence in the organic production workforce continued due to transitions of workloads and closure activities. Over one third of the workforce was impacted through attrition (at the losing centers) or new hires (at the gaining centers). This turbulence resulted in a decrease in the Direct Product Standard Hours (DPSH) rate productivity factor.

Depot-Reparable Spares: The DMAG repaired nearly 310,000 depot-reparable spares during FY00 against the plan of 390,000. We were not able to fully produce the numbers and type of commodities needed to meet the requirements of our customers. This deficiency is being worked as an improvement goal under the Expeditionary Aerospace Force (EAF) Support Initiative. The goal is to meet end item delivery commitment 95% of the time by the end of FY 2005.

Significant Accomplishments:
- Organic workloads at both San Antonio and Sacramento were successfully transferred to other organic depots and contractors
- Drawing down from five organic facilities to three increased utilization rate from 67% to 90%.
- Began implementation of the Depot Maintenance Accounting and Production system (DMAPS) to bring substantial improvement to financial management and reporting for organic depot maintenance activities
- Our methodology for sizing core organic workload was approved by the Air Staff
- The exchangeable quality defect rate surpassed the Air Force standard every month
- The Back to Basics Program made significant progress:
  - Revised Production Policy directives
  - Implemented a Maintenance Standardization Evaluation Program
  - Increased Quality Staffs at headquarters and the centers
- Completed the Awaiting Parts (AWP)/Backorder study
- Tested Industrial Prime Vendor Concept - bypasses depot supply system and provides direct delivery to customer maintenance bins
- Implemented the Forecasting Function of a new Reparability Forecast Model whose goal is a "user friendly" product to ensure parts are available when needed for programmed depot maintenance
- Developed relational data base to manage Source of Repair Assignment Process (SORAP) packages

DMAG Key Mission Performance Measures

Organic Production Hours (000)
YTD 30 Sep 00

Commodity	Actual	Plan	Variance	DMAG%
Aircraft	8110	8668	-558	-6.4%
Missile	404	435	-31	-7.1%
Engine	1656	1573	83	5.3%
Exchangeable	8141	8524	-383	4.5%
OMEI	354	452	-98	-21.6%
ABT	258	721	-463	-64.3%
Local Manuf'g	469	561	-92	-16.5%
Software	2470	2459	11	-0.4%
Other	449	547	-98	-18.1%
TOTAL	**22311**	**23940**	**-1629**	**-6.8%**

Organic Production Hours: This performance indicator measures production hours (planned and actual) expressed in the number of Direct Product Standard Hours (DPSH) and Direct Product Actual Hours

(DPAH). This represents the number of labor hours planned and used in the production effort as negotiated by the System/Item Management and Depot Maintenance Management groups.

Results for FY 2000: Planned Organic Production Hours were 23,941K. Actual Organic Production Hours equaled 22,310K. Total production hours for the command finished the year below plan by 1.6 million hours, or approximately 7% under plan.

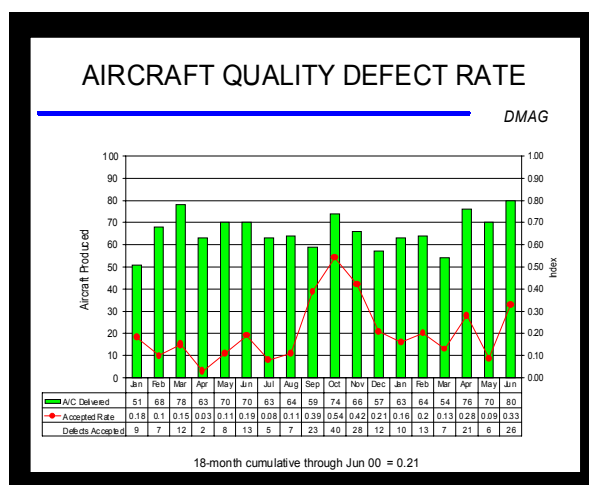**Aircraft Due Date Performance (Command):** Aircraft Due Date Performance measures the ability of Air Logistics Centers (ALCs) and depot maintenance contractors to produce aircraft according to schedule. This includes all factors which may not be within their control (e.g. weather, parts, availability of flight crews, engineering evaluations, etc.).

COMMAND DUE DATE PERFORMANCE
DMAG

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Late	11	15	7	18	25	21	33	27	27	24	36	40
On Time	34	27	36	27	24	26	30	31	30	31	37	43
Early	21	17	18	14	14	10	14	18	23	15	16	10
Produced	66	59	61	59	63	57	77	76	80	70	89	93

FY00 Actual for On Time/Early = 67%
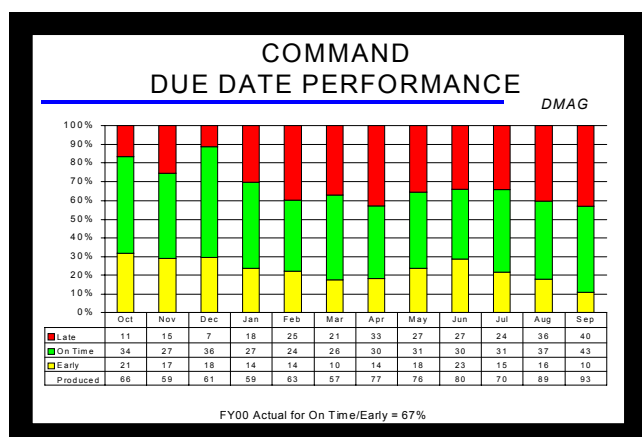
The thresholds for early, on-time or late production are: Early - produced more than 5 days prior to scheduled out date, on-time - produced on scheduled out date ± 5 days, Late - produced more than 5 days after scheduled out date. Annual production results were: 850* aircraft produced, 190 (22%) early, 376 (44%) on-time, and 284 (33%) late. (*Includes aircraft produced at AMARC.)

Total Aircraft Quality Defect Rate: The Quality Defect Rate is an index of the number of defects found by the owning units of an aircraft returned from PDM. It is expressed as an average of defects per aircraft. Performance is acceptable when the critical, or major defects accepted rate is equal to or less than the Air Force standard of .1. That is, 1 defect for every 10 Aircraft produced. During FY 2000, the organic and contract workforce achieved a rate of 0.21 defects per aircraft.

AIRCRAFT QUALITY DEFECT RATE
DMAG

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
A/C Delivered	51	68	78	63	70	70	63	64	59	74	66	57	63	64	54	76	70	80
Accepted Rate	0.18	0.1	0.15	0.03	0.11	0.19	0.08	0.11	0.39	0.54	0.42	0.21	0.16	0.2	0.13	0.28	0.09	0.33
Defects Accepted	9	7	12	2	8	13	5	7	23	40	28	12	10	13	7	21	6	26

18-month cumulative through Jun 00 = 0.21

Note: QDRs are 3 months behind due to the investigation period between when a defect is reported and accepted.

SUPPLY MANAGEMENT MISSION AREA

Major General Paul L. Bielowicz
Chief Operating Officer

The Supply Management Mission Area (SMMA) provides policy, guidance, and resources to fulfill United States Air Force (USAF) spare parts needs in war and peace. The SMMA is responsible for the inventory management of approximately 2.2 million items, including weapon system consumables and depot level reparable spare parts. The mission area encompasses three Air Logistics Centers (ALCs); each located on an Air Force Base (AFB):

- Oklahoma City ALC, Tinker AFB, Oklahoma (OC-ALC)
- Ogden ALC, Hill AFB, Utah (OO-ALC)
- Warner Robins ALC, Robins AFB, Georgia (WR-ALC)

In addition to the management of parts, SMMA provides a wide range of logistics support services. These include requirements forecasting, item introduction, cataloging, provisioning, procurement, repair, technical support, data management, item disposal, distribution management and transportation.

All customers pay for supply services at the same full-cost recovery rate. In addition to providing normal re-supply, the supply business also provides initial provisioning support to the Air Force Acquisition Executive. The SMMA consists of a Direct Budget Authority (DBA) and a Supply Management Activity Group (SMAG). The SMAG is made up of a General Support Division (GSD), a Material Support Division (MSD), and a Fuels Division. This annual report will focus on the largest portion of the SMAG, the Air Force Working Capital-funded MSD.

FY00 Highlights

Supply Chain Management: SMAG continues to improve its support to the war fighter thanks to the SMMA's Supply Chain Management (SCM) initiatives, Constraints Analysis Programs (CAP), Contract Repair Enhancement Process (CREP), and Depot Repair Enhancement Program (DREP).

Mission Statement
Provide spare parts needed in war and peace.

Strategic Objectives

Aerospace Expeditionary Force -
- Increase issue effectiveness to 72 percent by FY06
- Increase stockage effectiveness to 83 percent by FY06
- Reduce logistics response time (LRT) to 23 days by FY06
- Reduce back orders to 121,000 units by FY06

Cost -
- Meet or exceed a net operating result (NOR) of zero each fiscal year
- Hold unit cost increases of SMMA products and services to no more than the rate of inflation each fiscal year
- Improve SMAG forecasting, budgeting, and execution processes

Workforce -
Determine the FY 2005 SMMA work force end state

Infrastructure -
Size and configure the SMMA infrastructure for the FY 2005 mission

The Mission Area's SCM initiatives are aimed at integrating key business processes that support the flow of products, information, and money in order to improve the efficiency of the supply pipeline. The CAP is an ongoing study of the major constraints that prevent optimum support to the war fighter. Its purpose is to identify, isolate, and correct the constraints that hamper our support to the war fighter. The purpose of the CREP and DREP are to enhance the repair capability of both organic depot and contract repair facilities by determining the best use of people, parts, and funds to repair items and fill demands.

SCM Tool Development: In FY 2000, the SMAG continued to develop and refine its web-based tools to assist SCMs and our customers in tracking performance. Among the tools developed was the Backorder Analysis and Reporting Tool (BART) providing front-end query and report capability of backorder data. This allows SCMs to monitor progress in reducing backorders and identify inefficiencies in the supply pipeline. In addition to BART, the SMAG saw the evolution of its Issue and Stockage Effectiveness Tool (ISET). Now maintained by the Air Force Logistics Management Agency (AFLMA), the tool is web-enabled and capable of storing more Issue Effectiveness/Stockage Effectiveness (IE/SE) data.

SCM-based Target Setting: Acknowledging that each SCM manages unique items with particular supply chain issues, problems and concerns, AFMC and the Logistics Business Board (LBB) tasked each SCM to set their own targets for each of the four operational performance indicators (PIs) tracked by the SMAG. In May 2000, each SCM developed their own targets for MSD backorders, Logistics Response Time (LRT), issue effectiveness and stockage effectiveness. In turn, AFMC/LG rolled up these individual targets to set new ALC and AFMC strategic targets through FY06.

FY00 Performance Indicators

The SMAG continued to see improvements in most of its customer support and financial metrics during FY 2000. The activity group met or exceeded most of its FY 2000 goals. FY00 saw continued reduction of backorders and logistics response times while meeting its financial goals.

Issue Effectiveness (IE): SMAG came within 1% of meeting its forecast to satisfy a base requisition with stock off-the shelf 60% of the time for any demand.

Stockage Effectiveness (SE): SMAG met the goal to satisfy a base requisition with an item off-the-shelf 70% of the time for items with an authorized base stock level.

Backorders: The SMAG's impressive backorder reduction trend continued. The activity group reduced the number of MSD backorder units from 373,700 to 263,000 in FY00 (a 30% decrease).

Logistics Response Time: The SMAG continued to improve the speed at which it satisfied MSD backorders, reducing its overall logistics response time from 41 days to 36.8 days in FY00.

Financial Success: The SMAG met its FY 2000 goals for unit cost target (UCT).

SMMA's key performance indicators (PIs) are shown in the table below. Note: Data reflects only the SMAG MSD portion of SMMA.

Customer Support/Financial PIs	FY00 Goal	FY00 Result	FY01 Goal
Issue Effectiveness	60 %	59.18 %	63 %
Stockage Effectiveness	70 %	69.89 %	72 %
Logistics Response Time (LRT)	38 Days	36.8 Days	36 Days
Backorder Reduction	300,000 units	263,026 units	238,200 units
Unit Cost Target (UCT)*	.985	.985	.996

Unit Cost Target is derived by dividing costs by sales. It can also be described as the ratio of obligations to gross sales. Costs are defined as an obligation (excluding initial and capital expenses) and credit returns. Theoretically, the SMAG should aim for a unit cost target ratio of 1:1, meaning a "break even" point where sales equal costs.

SCIENCE AND TECHNOLOGY MISSION AREA
## Brigadier General Paul D. Nielsen
Chief Operating Officer

Three years ago, the Science & Technology (S&T) Mission Area was formed to effectively manage the world-class Air Force Research Laboratory enterprises and to discover, develop, demonstrate and transition affordable, integrated technologies that keep the United States Air Force the best in the world. AFRL was formed out of the determination and dedication of personnel from the four super labs and all the organizations within them. AFRL unleashes the power of research and development by first envisioning and then creating the future capabilities for our warfighters.

Air Force S&T empowers America's Air Force to defend the United States and protect its interest through aerospace power. AFRL provides the Air Force the technological edge to deter conflict, deny enemy access, and dominate the battlespace and information flow. AFRL also provides the capability to deploy, deliver and sustain our forces, enabling them to engage rapidly anytime, anywhere. AFRL ensures this nation's aerospace power advantage now and well into the 21st century.

FY00 Highlights

From virtual reality to laser-propelled space vehicles, we continue to break technology barriers and push the envelope in support of the warfighter and the various missions of the Air Force, as well as with technology transfer to civilian industry. We continue to work a variety of projects that span a wide breadth of 21st century technology: the data wall; Unmanned Air Vehicle (UAV)s and Unmanned Combat Air Vehicle (UCAV)s; Techsat 21; space maneuver vehicles; Solar Orbit Transfer Vehicle (SOTV); Warfighter 1; the small smart bomb; distributive mission training; and panoramic night vision goggles to mention just a few.
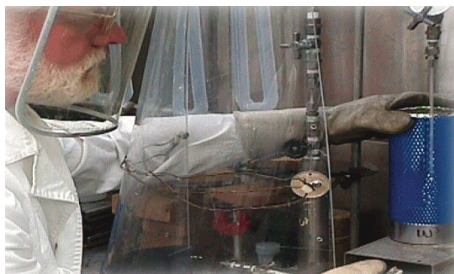
Mission Statement

Leading the discovery, development, and integration of affordable warfighting technologies for our aerospace forces.

Strategic Objectives

Achieve technology capability to enable approved CORONA Critical Future Goals (CFG) by FY06

Maintain 25-35% revolutionary technologies and 65-75% evolutionary technologies in the S&T budget for warfighting capabilities through FY09

Partner with MAJCOMs to maintain Cat 1 Advanced Technology Demonstrations (ATDs) to at least 50% of the total ATD funding through FY09

Achieve the highest Scientific Advisory Board (SAB) quality (1-3) ratings on at least 90% of the technical thrusts through FY09

Reduce S&T product support costs from a baseline in FY98 of 24% to 18% of total costs by FY09

Increase Air Force level of commitment for S&T to be within minimum (1.8%-2.0% of Blue TOA) by FY04 and to be within standard (2.0%-2.4%) by FY06

Partner with industry to develop methods/tools to optimize leverage of commercial technologies/products for Air Force S&T initiatives by FY06.

Joint Expeditionary Force Experiment 2000 (JEFX '00), a two-week event held in September, assessed Air Force expeditionary operations through the use of new technology and capabilities in a simulated warfighting environment that combines live-fly forces, models, simulations and technology insertion at 11 sites across the United States to explore and evaluate new processes. AFRL's support of JEFX '00 involved projects from four directorates and included: IF directorate supplied computer and workstation analysis software for audio coding, transmission and exploitation; intelligence analyst associate, multi-domain network management and boundary devices, master caution panel and dynamic moving target information exploitation; Space Vehicles directorate Joint Weather Impact System and Operational C2 of SOTV System; Human Effectiveness Directorate War Reserve Capability Assessment, Wing Level Predication for Parts and Automate Data Upload Process for Quick Reaction Site Surveys.

Air Force Technology Seminar Game: Air Force Research Laboratory (AFRL) led the execution of the Air Force Technology Seminar Game (TSG) 2000. The purpose of the TSG was to identify and assess new technology-enabled warfighting concepts to address potential emerging warfighting shortfalls. These concepts, called the "Tech Force," will be used within the Air Force and Department of Defense "futures" wargaming community to represent potential future Air Force systems for the 2015-2025 timeframe. The results of preliminary technology assessments of these concepts, conducted with broad Air Force and DoD participation, will be used by AFRL as input to the development of the laboratory's FY04 POM.

Air Force Technology Transfer Program was created to assure all Air Force science and engineering activities promote the transfer or exchange of technology with state and local governments and the private sector. These activities enhance the economic competitiveness of industry and promote the productivity of state and local governments while leveraging the Department of Defense (DoD) research and development investment. In FY00, the AFRL-managed program coordinated 142 agreements, 75 Cooperative Research and Development Agreements (CRADAs), 60 educational partnerships and seven other agreements increasing their activity from 1998 by 35% overall. A few of these agreements concerned: chemical oxygen iodine laser application, Boeing UCAV support, in-place motion measurement of Micro Electro Mechanical Systems (MEMs) and F-15 pattern measurement testing.

Applied Technology Councils: The Air Force has been able to further focus S&T programs and significantly improve transition of technology through Applied Technology Councils (ATCs). They provide a senior-level forum to facilitate transition of technology from AFRL into advanced systems to enable future warfighting capabilities. These councils review and approve proposed Advanced Technology Demonstrations assuring acquisition funding streams for technology insertion/transition. Rapid transition of advanced technologies into Air Force weapon systems is critical to the success of worldwide US military operations.

TECH CONNECT: Increased activity and success with TECH CONNECT.   The Technology Connections Team provides free and easy access to Air Force technology information and experts for customers from DoD, industry and academia.

From maintainers on the flightline to overseas logistics directors, TECH CONNECT can find information quickly for its customers. Customers report they save an average of 61 hours each time they use this service to conduct information searches. TECH CONNECT queries went up 37% primarily due to information provided about it in a new quarterly magazine AFRL produces called AFRL Technology Horizons. It premiered in March 2000 and contains select technical articles and information written by scientists and engineers from all of AFRL's technology directorates. It focuses on developing technologies and promotes stronger relationships with peers in government, industry and academia.

Workforce: Recognizing the importance of an agile, highly competent workforce to providing America's Air Force with breakthrough developments in S&T, AFRL has instituted major personnel initiatives under the Laboratory Demonstration Program. AFRL is pressing forward with the implementation of the recommendations of the Science and Technology Workforce for the 21st Century (STW-21) Study. Efforts are underway in all the dimensions of STW-21, centering on increasing collaboration with academia and industry and efforts to adjust the AFRL work force mix towards more collaborators and military scientist and engineers as prescribed by the study.

AFRL is pursuing several new civilian personnel initiatives under its personnel demonstration program that will give it the ability to more rapidly hire the best and brightest civilian scientists and engineers. FY01 legislation has already provided AFRL with initiatives that will improve our ability to attract eminent scientists and engineers to the laboratory, and allow us to begin addressing our need to re-invigorate our work force.
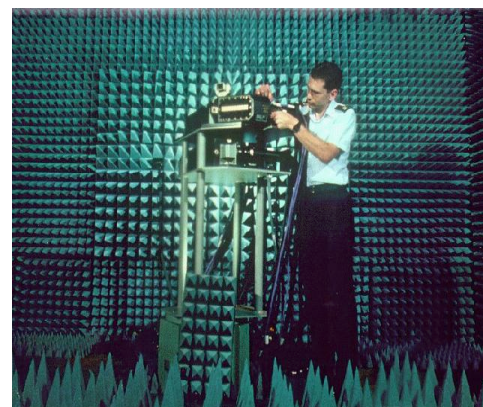
Contribution-based Compensation System (CCS): This initiative continues to have a very positive impact on our employees. CCS is the new employee assessment system that was designed to assist AFRL managers in achieving the optimal workforce by enhancing workforce competency, quality and morale, as well as compensating civilian personnel according to their mission contributions. The results clearly demonstrate that our top contributors, the future leaders of our Laboratory, are being justifiably rewarded. Of the 2,497 civilians assessed during the last cycle, 229, or 9.2%, received an incentive increase (not including the general increase or locality increase) of 6% or greater, which equates to the minimum salary increase associated with a promotion under the old system. Thirty-six of these received incentive increases in excess of 10%, with the largest being 24.4%. Two hundred ninety-four employees advanced to higher broadband levels.

Key Performance Indicators

Performance Indicator	FY00 Plan	FY00 Actual
Product Support Unit Cost*	.208	.208
Program Formulation Unit Cost	.026	.033
Program Management Unit Cost	.162	.155
Technology Application Unit Cost	.020	.020

* Represents the ratio of the cost of the product support activity to the total mission cost.

In FY 2000, we met our goal of spending no more than 20.8 cents of every dollar on product support. Our real accomplishment in FY00 was maintaining our overall cost of operations, with a reduction in program management activity to offset the increased cost of program formulation (planning and budgeting activity). Technical application support activity was within goal.

INSTALLATIONS AND SUPPORT MISSION AREA
Brigadier General David M. Cannan
Chief Operating Officer

The Installations and Support (I&S) Mission Area experienced mixed results in FY 2000. Overall, Mission Area funding increased approximately 11% from FY 1999 allowing us to provide customers with closer-to-standard levels of service. Natural disasters and other unplanned emergencies were minimal, providing a relatively stable operating environment at all AFMC installations. The mission team continued to focus on maintaining or improving performance while reducing requirements, primarily through competitive sourcing manpower comparisons, reengineering product delivery processes, and draw downs due to Kelly and McCellan base closures. However, funding remains below minimum most notably in the Real Property Maintenance area (specifically, the Property Management Base Infrastructure Non-Recurring product). As a result, infrastructure at many of our bases continues to degrade as evidenced by their decreasing Infrastructure Condition Indices.

FY00 Highlights

Expeditionary Combat Support:
• Continued to deliver highly effective expeditionary combat support. We met the standard again for delivering personnel in theater at the right time with the right qualifications, equipment, and personal readiness actions completed, particularly in support of a large portion of the Command's 350 Third Country National (TCN) escort taskings required in the Southwest Asia Area of Responsibility .

• Completed restructuring of over 1,000 Unit Type Codes (UTCs) to successfully transition to the EAF concept. This provides units and personnel greater predictability of deployments.

Infrastructure Rightsizing: Began Phase 1 (demolition) of a two-phase construction initiative jointly funded by Air Force and the State of New York to consolidate Air Force Research Lab Facilities in Rome, NY.

Dining Hall Closure: Received AF/IL approval to close the Hanscom AFB Patriot Dining Facility saving approximately $418K annually.

Mission Statement
Meet worldwide taskings with combat-ready support forces, provide AFMC installations with quality facilities, infrastructure, and support services, and assist commanders in protecting the environment while accomplishing their missions.

Strategic Objectives

Expeditionary Aerospace Force (EAF) Operations - Deliver effective expeditionary combat operations support (ECS) to the warfighter.

Base/Community Support and Quality of Life - Preserve and protect our quality of life, sense of Air Force community, infrastructure and environment.

Infrastructure - Match AFMC infrastructure to missions and people.

Workforce - Shape the I&S workforce and service delivery system.

Cost - achieve internal economies to reduce unit costs of products and services by 8% by FY07, while meeting performance, service, and quality standards.

Personnel receiving Subsistence-in-Kind began receiving Basic-Allowance-for-Subsistence, and the dining hall was closed in April 2000. The dining hall was transformed into an AAFES-operated Chinese restaurant in June 00 which has provided an additional $5K in AAFES dividends.

Child Development Centers: Received DoD certification for all AFMC child development, family child-care, and school age programs. Also, the National Association for the Education of Young Children has accredited all AFMC Child Development Centers, except one which is currently completing the process. The National School Age Alliance has accredited all AFMC school age programs, except one, where the facility is currently under renovation. Accreditation is expected when the renovation is complete.

Military Family Housing (MFH):

• Met funds obligation timelines for non-recurring MFH projects resulting in Headquarters AF rewarding AFMC with $8.5M in additional project funds. This enabled the command to improve the level of service provided from minimum to above the standard for the Military Family Housing Non-Recurring product.

• Awarded only the second AF military family housing privatization project at Robins AFB. The project replaces or renovates 670 military housing units to meet current AF military housing standards, using resources provided by a private contractor.

Environmental Management:

• Provided effective environmental management. Twenty-two of twenty-eight scheduled high-risk cleanup sites were reduced to a lower-risk condition. Differing site conditions prevented the reduction of the remaining sites to a lower-risk condition. By the end of FY00, only 85 of 144 high-risk sites remained in AFMC. We continue to exceed the AF goal of a 50% reduction in high-risk sites by FY02, from a FY95 baseline.

• Reduced hazardous waste disposal by 850 tons, or 17% from FY99 totals by implementing pollution prevention initiatives—all of it over and above the Air Force goal to reduce hazardous waste disposal by 50% of the FY92 baseline (AFMC surpassed the AF goal in 1998). We also recycled, composted, or otherwise reused 250,000 tons of construction debris and other solid waste, 63% of the total generated, and double the Air Force goal of 31%.

Facility Investment Strategy: Began development of a consistent facility infrastructure investment strategy for all Mission Areas (MAs), ensuring that capital investments complement each other to achieve the facility condition end-state goals stated in the AFMC Strategic Plan. A Facility Investment Strategy Team (FIST) Integrated Product Team (IPT) was formed with representatives from the Product Support, Depot Maintenance, Science & Technology, and Test & Evaluation Mission Areas. The FIST IPT proposed a new Infrastructure Enabling Task be included in the current draft AFMC Strategic Plan. This new task emphasizes the importance of supporting the mission and people at AFMC installations with properly sized, configured, and maintained infrastructure. The FIST IPT also defined one objective of the Infrastructure Enabling Task as implementing a consistent facility infrastructure investment strategy for all MAs by FY03.

Civilian WorkYears: The I&S Mission Area workforce comprises about 42% of the total command Operations & Maintenance (O&M) civilian workforce. Aggressive execution of FY00 civilian workyears by managers within the MA contributed substantially to the full and successful execution of AFMC's basic O&M workyears earning the command approximately $26M in additional civilian pay funding from Headquarters Air Force. The additional funds supported critical overhire positions at centers gaining workloads from closing BRAC bases. The additional resources also funded positions at various other centers to support civilian personnel servicing workloads associated with the PALACE COMPASS initiative.

Competitive Sourcing (A-76): Completed Civil Engineering A-76 and re-engineering studies at Eglin AFB, Hanscom AFB, Kirtland AFB, Tinker AFB, and Wright-Patterson AFB, providing a combined average annual savings of 39%.

Vehicles: Completed vehicle authorization reviews at six AFMC locations (Arnold AFB, Davis-Monthan AFB (AMARC), Hill AFB, Kirtland AFB, Nellis AFB (896 MUNS), and Tinker AFB). The reviews resulted in a reduction of 255 vehicles from the fleet, saving $11.5M annually.

Utilities Privatization: Completed the remainder of the Command's utilities privatization Phase I (feasibility) studies at Arnold AFB, Eglin AFB, Hill AFB, Kirtland AFB, Los Angeles AFB, Tinker AFB and Wright-Patterson AFB; and drafting Phase II Comprehensive Analysis Reports with Requests for Proposals at most of the same bases.

Brooks City-Base Project: Gained the approval of the Secretary of the Air Force, and special legislation kicking off the Brooks City-Base Project was passed by Congress. This initiative will generate cost savings by creating a partnership between the city of San Antonio and the Air Force that will result in the Air Force transfer of base operating support functions and surplus real property to the city.

Key Performance Indicators

Performance Indicator*	FY00 Plan	FY00 Actual
Support Services**	94.2%	95.5%
Property Management	93.4%	98.1%
Environmental Management	89.3%	89.8%
Deployed Operations	100.0%	101.2%
Total	94.2%	96.1%

* For reporting purposes, performance measures are only shown at the business line levels and Deployed Operations.

** Chaplain and Supply not reported in FY00

Note- Planned and Actual business line performance values shown in the table above are an average of all the performance metrics in terms of percent relative to an AFMC "standard" for that business line.

INFORMATION MANAGEMENT MISSION AREA

Debra L. Haley
Chief Operating Officer

As the provider of communications and information services for all of Air Force Materiel Command it is the mission of the Information Management Mission Area (IMMA) to ensure our customers have the right information anywhere, anytime on demand. IMMA implemented a wide range of new Information Technology (IT) products, policies and processes to provide our customers many new communications capabilities as well as improvements to existing services.

FY00 Highlights

Network Services Plan (NSP): We fielded $2.1 million of copper cable upgrades; standardized AFMC's messaging software across the command in terms of architecture and product; and we began deployment of a standard desktop management tool (Tivoli). Also, AFMC committed to upgrade the IM infrastructure by funding the NSP in the FY02 POM. These initiatives significantly move the command towards the objective of migrating AFMC networks to a weapon system environment and ensuring all customer communication and information needs are met.

Mission Statement

To provide network services and communications support for all of Air Force Materiel Command and to ensure those services are being delivered in the most effective and efficient way possible

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Strategic Objectives

Expeditionary Aerospace Force - Support EAF implementation by achieving AFMC communications and Information Technology (IT) unit cost commitments

Weapon Systems Support - Provide products and services to effectively and efficiently support weapon systems acquisition, development, sustainment and modification by FY05

Cost - Reduce unit costs of IMMA business lines by 8% by FY07 while meeting full standards for architecture and performance

Work Force - Provide a trained, flexible, IT work force with appropriate mix of skills by FY05 to support the AFMC FY07 performance and cost objectives

Infrastructure - Migrate AFMC networks to a weapon systems environment by FY05

• Ensure interoperable network availability of 99.6% and network security to prevent all unauthorized access

Information Assurance: Several IMMA initiatives/actions were designed to ensure the supportability and security of critical functional systems.

- Operationalize Information Assurance (Op IA): Completed the majority of Op IA Phase 1 actions. This initiative addresses command IA shortfalls noted by the Air Force Audit Agency. Op IA Phase I established 14 major action items aimed at eliminating network vulnerabilities, managing and controlling network configuration, and proactively defending the network.

- Y2K: Completed the Y2K program. The AFMC Y2K program ensured compliance of over 2,500 weapon systems and automated information systems, and over 1,000,000 base facility items.

- Certificate to Operate: Institutionalized the Certificate to Operate process to ensure automated information systems are ready for deployment, meet security standards, and have budgeted for sustainment over their life cycle.

Improved Performance Reporting: IMMA also took several steps to improve reporting our performance.

- Developed new Performance Indicators. These indicators will provide a more accurate assessment of availability and return to service of Computer Network and Telephone services. Both of these are critical to the AFMC objective of supporting EAF. IMMA is implementing Phase I of the Job Order Cost Accounting System (JOCAS). JOCAS will provide IMMA insight into the cost of its products and allow us to make sound decisions toward reducing costs to meet the command goal of an 8% reduction in unit costs by FY07.

FY00 Key Performance Indicators

PERFORMANCE INDICATOR	FY00 PLAN	FY00 ACTUAL
Network Availability	98%	99%
Return to Service	15 hours	16 hours
Intrusions	0	12
FOIA Requests	99%	99%
Off-Base Access (Phone)	90%	96%
Phone Installs	14 days	14 days
Phone Repairs	1.7 days	1.5 days

IMMA met or exceeded the plan for most of the key performance goals during FY00. The onslaught of viruses during FY00 has placed additional emphasis on IA throughout DoD and will again receive additive attention in FY01.

Freedom of Information Act (FOIA) request metric measures the percent of time that FOIA request are answered within 20 days.

TEST AND EVALUATION MISSION AREA
Brigadier General Wilbert D. Pearson, Jr.
Chief Operating Officer

Fiscal Year 2000 was again a challenging year for the Test and Evaluation (T&E) Mission Area. The level of test support program funding resulted in significant shortfalls in our institutionally funded T&E infrastructure. Additionally, we again experienced customer cancellations late in the fiscal year that decreased our customer revenue. However, despite these financial hurdles, our T&E team successfully executed customer programs.

FY00 Highlights

F-22 Test Program: As the F-22 test program expanded to include three test aircraft, the F-22 Combined Test Force continued progress in testing avionics and weapons integration, open weapons bay operations, envelope expansion, and post-stall high angle-of-attack with thrust vectoring. Major accomplishments include AIM-9 separation tests and completion of the Defense Acquisition Board milestone for high angle-of-attack maneuvering.

46 TW: The 46TW conducted several successful test programs this year, especially the Joint Air-to-Surface Standoff Missile (JASSM). In FY00, the JASSM test team achieved several key milestones, including the successful launch from an F-16 of the first powered JASSM. Another successful program was the Theater Battle Management Core Systems (TBMCS), which was successfully tested across several operating levels, from the Air Operations Center level to the unit level, using a combined DT&E/OT&E approach and personnel from all four services.

Mission Statement
Contribute timely, accurate, and affordable information to Single Managers and other decisionmakers to support system life cycle decisions.

Strategic Objectives

Weapon Systems Support -
Enhance business processes and practices to provide agile, affordable, and responsive products and services meeting customer T&E needs across AFMC's four product lines.

Cost - **Reduce the unit cost of T&E outputs by 8% by FY07, while meeting or improving customer satisfaction, cost, and schedule performance.**

Work Force - **By FY05, have in place an experienced, trained, flexible, multi-skilled, and rightsized workforce to meet the T&E mission.**

Infrastructure - **Provide an efficient, cost effective, output-driven capital infrastructure by FY07.**

AEDC: AEDC successfully accomplished significant JSF, F-22, Jet Engine Component Improvement Program and National Missile Defense testing in FY00. Overall, AEDC conducted $119M in customer-funded testing as compared to $110M in FY99.

SMC/TEO: SMC/TEO has had a busy year supporting its customers with 4 Booster Deployments, 7 Compatibility Test Deployments, and 1 On-Orbit Deployable Support. In addition, SMC/TEO successfully installed Block 5 Phase 2 of the COTS-based Real-time Architecture (COBRA) software, integrated a 4th Telemetry, Tracking, and Control (TTC) string in the RDT&E Support Complex (RSC), and installed two COTS satellite control systems at the Center for Research Support (CERES) at Shriever AFB, CO.

AFMC/DOW: AFMC/DOW provided outstanding weather support to Global Hawk's extended range missions between Edwards AFB and Alaska. The test highlighted the importance of space weather effects as the aircraft operated within an auroral zone. Another test flight from Edwards AFB to Eglin AFB demonstrated sensitivities to extreme cold temperatures. DOW is currently developing the weather support concept for future, real-world Global Hawk missions.

AFMC/DOA: AFMC/DOA initiated an investment plan designed to save approximately $10M over 7 years. In addition, they initiated a test to widen preventive maintenance intervals and implemented a Consolidated Hands-On Training (CHOT) concept saving the command $550K annually, while increasing the Air Traffic Control services operational availability rate by 9.8%.

FY00 Key Performance Indicators

Performance Indicator	FY00 PLAN	FY00 ACTUAL
Infrastructure Condition Index (ICI)	68%	68%
Proficiency Flying	89%	91%
Aircraft Mission Capable Rates (MCR)	96%	90%
Customer Satisfaction Rating	5.0	5.4
Air Traffic Services (ATS) Service Rate	100%	83.5%
Weather Forecast Accuracy	0.25	0.29

• The ICI reflects the index for TEMA buildings/facilities at the test centers. The standard for ICI is a 75% rating. The minimum is a 65% rating.

• The planned proficiency flying rate is based on a standard (100%) of 8 sorties/squadron pilot/month, and 5 sorties/attached pilot/month.

• The actual MCR was below the planned MCR due to a lower than planned rate for the 46TW for F-15s due to parts availability, fleet size, and lower priority. Additionally, the 412TW had a lower than planned MCR for all aircraft.

• The rating of 5.4 equals the FY99's all-time high rating of 5.4.

• ATS average of 83.5 for FY00 reflects the lack of manpower in the air traffic control career field and associated drop in capability to support required hours of operation.

• The range of scores is from -1 to 1 for the Weather Forecast Accuracy metric. A negative score indicates performance worse than chance, while zero indicates performance is equal to chance. A score of positive one indicates a totally accurate forecast.

FY01 Goals

Over the past several years we have come to understand the concept of operational excellence--doing things right. For organizations to be truly successful, they need forward looking direction that not only motivates doing the right things, but provides a framework that guides the organization's activity toward desired end states and provides a means for recognizing success. This framework is established, nurtured and improved on by the organization's willingness to adapt to changes in its environment with appropriate management actions and initiatives. AFMC will utilize this framework along with the lessons learned over the past three years to revise our strategic plans, objectives and Mission Essential Tasks (METs). We will expand on the current plans, objectives, and METs by incorporating their strengths, addressing their shortcomings and correcting their weaknesses.   In support of that effort, the Command is also re-evaluating its performance indicators. The reassessment will focus on the knowledge gained over the past three years to identify performance indicators that best provide management information to make quality decisions on achieving our Command's mission through our products and services.

Information Services Mission Area

- **Customer Support** - Assess and ensure customer operational standards (e.g., technical performance, cost, schedule, earned value, etc.) are being met. Develop a strategic marketing plan that includes the methods, standards and criteria for rapidly responding (within 48 hours) to a potential customer's initial request for products, services and support. Proactively recommend new tools/technologies that will improve the operational effectiveness of existing systems and will satisfy new system requirements.

- **Workforce** – Ensure there is a fully qualified and fully certified person in at least 70% of our revenue generating Acquisition Professional Development Program (APDP) positions.

- **Financial** - Maintain the cost of ISMA General and Administrative (G&A) overhead at or below 11% of total ISMA Service Level Agreement operating costs. Meet the established Net Operating Result (NOR) target.

- **Performance** - Maintain IS Network System Availability and to service Delivery Point uptime at better than 98% of total NIPRNET and 97% of SIPRNET total bandwidth utilization. Reject 100% of intrusions on the Air Force Network Operations Center system. Complete coordination of Network Applications Laboratory throughout the communications community.

FY01 Goals(Continued)

Product Support Mission Area

• **Common Systems -** Assist MAJCOM and AFMC centers in identifying their top common system problems and host a Common Systems Review Board (CSRB) to validate and prioritize the requirements. PSMA will be the advocate for validated CSRB requirements in the planning, programming and budgeting system.

• **Customer Support -** Prototype a web-accessible database to track action plans to resolve customer issues. Develop an aging aircraft portal to facilitate information sharing within AFMC and other services on aging aircraft issues.

• **Modernization Planning -** Establish cross-platform/domain modernization planning capability and move towards a standardized Modeling and Simulation (M&S) infrastructure as well as integrating M&S support plans into the program offices.

• **Financial Management** - Continue enhancing the Product Support Business Management System. Integrate it into the Command Management System.

• **Workforce** - Interface with the APDP the Program Management Career Program and the Logistics Civilian Career Enhancement Program to ensure PSMA workforce requirements are reflected within their respective development structures.

Depot Maintenance Mission Area

• **Expeditionary Aerospace Force (EAF) Support** - Reduce total flow days for end items (or aircraft) undergoing depot maintenance by 40% by FY 2005 from a FY 1998 baseline for both contract and organic repair (1996 baseline for aircraft). Meet end item delivery commitments 95% of the time by the end of FY 2005.

• **Weapon Systems Support** - Work to establish technically compliant operations across all product lines by FY 2003. Work to establish In-Process Measures ensuring the production of technically compliant products.

• **Work Force -** Start to determine strategic, top-level assessment of DMAG workforce skills, skill levels, and demographics needed in FY 2005.

• **Cost -** Continue to reduce average customer price after inflation by 8%, from the FY1998 baseline, by FY 2007. Manage costs in FY 2001 to ensure Net Operating Result goals are met without suffering a financial loss.

FY01 Goals (Continued)
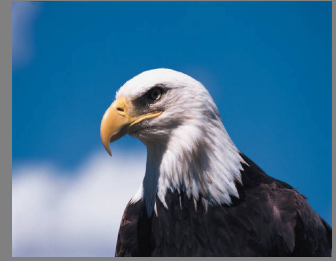
- **Infrastructure -** Assess the surge in depot maintenance workload requirements as a result of wartime operations in order to develop and maintain overall strategies and plans to increase capacities where needed and to divest excess capacities. Plan an investment strategy that supports infrastructure.

Supply Management Mission Area

- **Customer Support** - Increase stockage effectiveness to 72%. Increase issue effectiveness to 63%. Reduce logistics response time (LRT) to 36 days. Reduce back orders to 238,200 units.

- **Financial -** Meet or exceed a Net Operating Result (NOR) of zero. Hold unit cost increases of products and services to no more than the rate of inflation.

Science and Technology Mission Area

- **Performance Measurement** - Continually review and update our process indicators throughout FY 2001 as needed.

- **Cost** - Obtain greater cost visibility into our product support cost by looking deeper into outputs; remain focused on our unit cost data in FY 2001 in order to achieve the goal of spending no more than 18 cents of every dollar on product support by FY 2009.

Installations and Support Mission Area

I&S Goals for HQ AFMC

- **Performance Level** - 1) Provide a consistent level of support and service at each AFMC installation. 2) Maintain at least a minimally acceptable performance in products and services where current performance levels are below standard due to resource constraints.

- **Financial** - Develop a map to better allocate overhead costs throughout the mission area.

- **Plans** - Fully separate strategic and operational reviews and plan development.

I&S Goals for AFMC Centers

- **Unit Costs -** 1) Reduce the unit cost of products and services an average of 1.8% from the FY 1998 baseline. 2) Drive down the unit cost of products and services where current performance levels meet command standards. 3) Assess total and unit costs and find ways (process re-engineering, ABC/M, etc.) to reduce costs while maintaining or improving performance.

- **Performance Level/Analysis** - 1) Maintain at least a minimally acceptable performance in products and services where current performance levels are below standard due to resource constraints. 2) Improve product performance analysis and make progress in meeting I&SMA objectives.

FY01 Goals (Continued)

Information Management Mission Area

- **Work Force Training** - Complete development of the training templates for GS-12 through GS-14 level IT professionals that are aligned to the new GS-2200A Information Technology Management Job Family.

- **Network Services Plan (NSP) -** Continue investments in FY 2001 for the Network Services Plan to meet unit cost targets and ensure the network is secure. This will be accomplished by applying funding to expand the control of the Centralized Network Control Centers at each site and implementing state-of-the-art data transport capabilities (expand bandwidth of 100 MBPS to the desktop) for our top priority customers.

- **E-Mail Consolidation** - Consolidate e-mail servers at each base by 30 Jun 01. This will result in a net reduction of 52% of existing e-mail servers and a reduction in O&M costs.

- **Deploy Information Technology -** Deploy AF portal licenses, Windows 2000/active directory, desktop management, and standard workflow and document management tools.

- **Information Assurance (IA) –**

    - Develop and implement a domain consolidation policy and a template for Information System Security (ISS) Level-V scan.

    - Establish and maintain the IA web site.

    - Certify Work Group Managers and Functional System Administrators as well as train Computer System Security Officers (CSSO).

    - Operationalize NCCs (i.e. achieve Full Operational Capability (FOC)).

Test and Evaluation Mission Area

- **Infrastructure** - Ensure that current and future T&E customers have a modern, capable T&E infrastructure to support their weapon system testing and the infusion of new technology by emphasizing the importance of T&E infrastructure sustainment.

- **Cost** - Focus on driving down support costs (overhead) by enhancing business processes and practices while satisfying customer needs, developing a trained and flexible workforce, and implementing a right-sized, efficient, and integrated infrastructure.

- **Other Initiatives** - Continue to progress on : 1) reengineering and outsourcing of T&E tasks; 2) consolidation of facilities; 3) reshaping the T&E workforce; 4) improve business practices including the expanded use of cooperative agreements to share resources and costs; and 5) introduce new technologies across the test process, especially Modeling and Simulation (M&S). By using M&S the potential exists to reduce the need for such large capital expenditures to support future test efforts.

APPENDICES

Appendix A: Principal Statements and Notes

Appendix B: AFMC Overview

Appendix C: Financial Management Reform

Appendix A
Notes to Principal Statements

1. Our Consolidated Statement of Net Operating Results is our principal financial statement. It is a managerial tool that provides increased insight to costs associated with defined products.

2. Our statement contains both working capital fund (WCF) funded mission areas and appropriated funded mission areas. Reporting procedures for appropriated funded mission areas are slightly different than reporting procedures for WCF funded mission areas. WCF funded mission areas follow established DoD working capital fund financial reporting processes and procedures. They also use established cost accounting systems to gather and report their revenues and expenses. Our appropriated funded mission areas, on the other hand, use the concept of earned value to gather and report Earned Revenue. WCF funded mission areas are Depot Maintenance, Supply Management, and Information Services. Appropriated funded mission areas are Information Management, Installations & Support, Product Support, Science & Technology and Test & Evaluation.

3. Our definition of Earned Revenue is the actual number of outputs produced times the forecasted annual unit cost for those outputs. Revenue can only be earned by delivering outputs (products/services) to a customer. Earned Revenue is not necessarily equal to Budget Authority. Mission Area Plans and Center Execution Strategies define products, quantities, and annual unit costs.

4. Net Operating Results are the difference between earned revenue and actual costs/expenses at the product line level. The NOR indicates whether or not the actual costs of outputs were higher or lower than earned revenue. It has nothing to do with level of funding or amount of Budget Authority, and a negative NOR does not indicate an Anti-Deficiency Act (ADA) violation. If a product line shows a negative NOR, it may suggest that the cost of delivering outputs was higher than anticipated for the defined quality level, or that the quality level was increased, or that the anticipated number of outputs was not met. Likewise, a positive NOR does not necessarily indicate excessive budget. It may suggest that some products or services were delivered more efficiently than the Center forecasted in the Center Execution Strategy.

5. DMMA's planned NOR for FY00 was -$26.9M and the actual NOR was -$109.0M. The -$109.0M NOR does not include amounts for equipment written off, that are excluded from recovery in future rates due to downsizing. It also does not include reservation of cash -50.0M, non-recoverable amounts of $41.8M or -$24.5M prior year losses recorded in FY00.

DMMA's actual revenue for FY00 was $5,273.8M versus $5,173.7M planned, which is $100.1M over the plan. Organic revenue was $70.6M and contract revenue was $29.5M over the plan respectively. Organic revenue includes the reimbursements for Material Cost Recovery (MCR) -$90.1M, Quarterly Surcharge -$94.1M, and Propulsion Business Area (PBA) -$82.2M.

DMMA's total expenses were $589.6M more than planned for the year. Labor/contractor charges exceeded the plan by $338.4M (-$64.1M organic labor and $402.5M contractor charges). Material costs exceeded the plan by $129.5M ($145.6M organic material and $-16.1M contract charges).

Note: Footnotes are referenced on Principal Statements in Appendix A, and the Financial Highlights section (p.5) in the main body of this report.

Appendix A
Notes to Principal Statements (Continued)

6. The SMMA Materiel Support Division (MSD) NOR for FY00 was -$184.5M, $132.4M below our projected NOR of -$52.1M. In FY00, sales were $148.8M less than expected and expenses were $16.4M above forecasted expenses. Analysis of the financial data reveals sales were less than expected due to lower demands from U.S. involvement in Kosovo and an overall increase in the value of backorders. Expenses were greater than projected due to an extraordinary loss/damage/spoilage variance from plan. A tiger team has met twice and has uncovered system problems to be corrected in FY01 to preclude these extraordinary expenses in the future. The loss/damage/spoilage expense variance was partially offset by the cost of goods sold being below plan. This is a direct correlation to net sales being below plan.

7. A negative NOR in the appropriated funded mission areas is primarily the result of increased quality levels. In these instances, expenses are incurred, but since no additional units were produced, there is no corresponding increase in earned revenue. We know quality/performance increased because we measure those elements with our performance indicators. For example, while the Installation & Support (I&S) mission area reported a -$22.6M NOR, their performance indicators reflect actual product performance was greater than planned in all areas.

8. HQ AFMC Corporate Services includes revenues and expenses of all HQ AFMC directorates except Information Management (IM) revenues and expenses associated with Defense Information Services Agency (DISA) and Central Design Activities (CDA) products and services. These revenues and expenses are reported in the IM WPAFB HQ Account line.

9. The revenues and expenses reported in the Test & Evaluation (T&E) WPAFB HQ Account line reflect those associated with the weather and air traffic control products and services.

10. In addition to our Consolidated Statement, we have included a Statement of Net Operating Results with Burden. This Statement allocates the revenues and expenses of our two "support" mission areas (I&S and IM) and HQ AFMC Corporate Services to our other six "mission" areas and tenants that operate on our installations. This allocation is done to show the total costs for our "mission" areas as well the costs we incur in supporting non-AFMC units. As expected, the bulk of the allocable costs are associated with the Product Support and Depot Maintenance mission areas. However, a note of interest here is that more than one-third of our "support" mission areas' allocable costs can be tied to non-AFMC units operating on AFMC installations.

a. The basis for allocating costs is assigned personnel at our bases, as of 30 September 2000. AFMC personnel assigned to Aerospace Maintenance and Regeneration Center (AMARC) at Davis Monthan AFB, Standard Systems Group (SSG) at Maxwell AFB, Gunter Annex, and other AFMC personnel at non-AFMC bases were not counted in the allocation base.

b. Total revenues and total expenses on the Statement with Burden differs from the total revenues and total expenses on the Consolidated Statement. The difference is due to I&S and IM reimbursement from other MAs are excluded from IM and I&S revenues and expenses allocated on the Statement with Burden.

c. The NOR on the Statement with Burden differs from the NOR on the Consolidated Statement because I&S and IM revenues and expenses allocated to each other are excluded from the calculation of NOR on the Statement with Burden. These costs include reimbursements, site-specific activities within IM, non-AFMC standard base level computer (SBLC) processing support, non-AFMC environmental management expenses, and all costs associated with 38th EIW.

Note: Footnotes are referenced on Principal Statements in Appendix A, and the Financial Highlights section (p.5) in the main body of this report.

AIR FORCE MATERIEL COMMAND
CONSOLIDATED STATEMENT OF NET OPERATING RESULTS FOR MAJOR CENTERS
Dollars in Millions for the Fiscal Year Ending 30 Sep 2000

	Wright-Pat ASC	Eglin AAC	Edwards AFFTC	Arnold AEDC	Hanscom ESC	Brooks HSW	Hill OO-ALC	Tinker OC-ALC	McClellan SM-ALC	Kelly SA-ALC	Robins WR-ALC	LA SMC	Kirtland 377th	AFRL	AMARC	AFSAC	38th-EIW	Total w/o HQ	WPAFB HQ AFMC	Total
DMMA *5																				
Revenues							913.7	2,078.0	207.9	818.1	1,219.7				36.4			5,273.8		5,273.8
Expenses							926.9	2,086.1	229.8	867.1	1,235.5				37.4			5,382.8		5,382.8
NOR	0	0	0	0	0	0	-13.2	-8.1	-21.9	-49.0	-15.8	0	0	0	-1.0	0	0	-109.0	0	-109.0
SMMA *6																				
Revenues							567.8	1,167.2	69.9	1,472.9	947.0							4,224.8		4,224.8
Expenses							605.6	1,223.7	89.9	1,531.8	958.3							4,409.3		4,409.3
NOR	0	0	0	0	0	0	-37.8	-56.5	-20.0	-58.9	-11.3	0.0	0.0	0.0	0.0	0.0	0.0	-184.5	0	-184.5
ISMA																				
Revenues					524.3													524.3		524.3
Expenses					535.5													535.5		535.5
NOR	0	0	0	0	-11.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-11.2	0.0	-11.2
IMMA *8, 10																				
Revenues	46.1	17.0	20.0	17.3	21.8	7.4	19.4	16.3			14.2	13.8	11.3	0.8	1.0			206.4	121.4	327.7
Expenses	42.8	18.1	19.6	16.7	22.3	7.6	18.9	18.4			15.3	12.7	13.3	0.8	0.9			207.6	121.4	328.9
NOR	3.3	-1.0	0.4	0.5	-0.6	-0.1	0.5	-2.1	0.0	0.0	-1.1	1.0	-2.1	0.0	0.1	0.0	0.0	-1.2	0.0	-1.2
I&SMA *7, 10																				
Revenues	233.5	199.6	183.7	106.3	88.2	40.8	198.6	181.5			208.5	43.0	136.8	5.2				1,625.7	0.0	1,625.7
Expenses	246.0	198.9	200.1	115.7	90.8	43.6	194.1	176.2			186.2	47.0	142.9	6.8				1,648.3	0.0	1,648.3
NOR	-12.5	0.7	-16.4	-9.4	-2.6	-2.8	4.5	5.3	0.0	0.0	22.3	-4.0	-6.1	-1.6	0.0	0.0	0.0	-22.6	0.0	-22.6
PSMA																				
Revenues	435.3	97.7			585.4		154.5	175.8	29.5	84.3	145.7	376.0			28.8			2,112.9		2,112.9
Expenses	440.8	98.0			551.7		167.5	183.7	35.5	84.3	147.4	381.4			28.8			2,119.1		2,119.1
NOR	-5.5	-0.2	0.0	0.0	33.7	0.0	-13.0	-7.9	-6.0	-0.1	-1.6	-5.5	0.0	0.0	0.0	0.0	0.0	-6.2	0.0	-6.2
S&TMA																				
Revenues														527.0				527.0		527.0
Expenses														526.6				526.6		526.6
NOR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.4	0.0	0.4
T&EMA *9																				
Revenues		380.9	483.2	252.3								29.8	25.5					1,171.7	36.9	1,208.7
Expenses		382.5	481.7	252.8								29.9	24.3					1,171.3	40.4	1,211.6
NOR	0.0	-1.6	1.5	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	1.2	0.0	0.0	0.0	0.0	0.5	-3.4	-3.0
Corp Sv *8, 10																				
Revenues																			123.1	123.1
Expenses																			123.1	123.1
NOR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total																				
Revenues	714.9	695.3	686.9	375.9	1,219.6	48.2	1,854.0	3,618.8	307.3	2,375.3	2,535.2	462.5	173.6	533.0	37.4	28.8	0.0	15,666.6	281.4	15,948.0
Expenses	729.6	697.4	701.4	385.3	1,200.3	51.2	1,913.0	3,688.1	355.2	2,483.3	2,542.7	471.1	180.6	534.2	38.3	28.8	0.0	16,000.5	284.8	16,285.3
NOR	-14.7	-2.2	-14.5	-9.4	19.3	-2.9	-59.0	-69.4	-47.9	-108.0	-7.5	-8.6	-6.9	-1.2	-0.9	0.0	0.0	-333.8	-3.4	-337.3

Note: AFMC Revenues/expenses and NOR may have discrepancies due to rounding.

* Reference corresponding footnote in Notes to Principal Statements in Appendix A.

AIR FORCE MATERIEL COMMAND
FY00 STATEMENT OF NET OPERATING RESULTS WITH BURDEN
Then-Year Dollars Million

	DM	SM	IS	PS	S&T	T&E	TENANTS	TOTAL
Earned Revenue w/o Burden	5273.8	4224.8	524.3	2112.9	527.0	1208.6	0.0	13871.4
Burdened Earned Revenue								
I&SMA Revenue	346.7	44.7	22.1	330.8	83.3	116.4	379.8	1323.8
IMMA Revenue	33.1	4.3	2.1	31.6	8.0	11.1	36.2	126.4
Corporate Services (Overhead)	51.7	9.6	1.8	42.0	2.0	15.8	0.0	122.9
Total Burdened Revenue	5705.3	4283.4	550.3	2517.3	620.3	1351.9	416.0	15444.5
Operating Expense w/o Burden	5382.8	4409.3	535.5	2119.1	526.6	1211.6	0.0	14184.9
Burdened Operating Expense								
I&SMA Expenses	352.5	45.5	22.5	336.3	84.7	118.4	386.1	1346.0
IMMA Expenses	27.3	4.3	2.1	26.7	6.0	6.6	36.2	109.2
Corporate Services (Overhead)	51.7	9.6	1.8	42.0	2.2	15.8	0.0	123.1
Total Burdened Expenses	5814.3	4468.7	561.9	2524.1	619.5	1352.4	422.3	15763.2
Burden Net Operating Results	-109.0	-185.3	-11.6	-6.8	0.8	-0.5	-6.3	-318.7

Note: Please reference note #10 in the Notes to Principle Statements in Appendix A.

Appendix B
AFMC Overview

AFMC is composed of four product centers, two test centers, five air logistics centers and a research laboratory, as well as several specialized centers. Together, these centers comprise the principal organization responsible for managing every aspect of the Air Force's weapon systems, and providing combat support to the warfighting commands.

This Is AFMC

Ogden Air Logistics Center

Oklahoma City Air Logistics Center

Headquarters AFMC, Aeronautical Systems Center, AF Research Laboratory, AF Security Assistance Center

Electronic Systems Center

Sacramento Air Logistics Center

Arnold Engineering Development Center

Space and Missile Systems Center

Warner Robins Air Logistics Center

Air Force Flight Test Center

Air Armament Center

Aerospace Maintenance and Regeneration Center

San Antonio Air Logistics Center

AFMC's Product Centers

Aeronautical Systems Center, at Wright-Patterson AFB OH, is responsible for the discovery, development and transition of aeronautical technologies for the Air Force. Its major active programs are the B-2 and B-1B bombers, C-17 airlifter, F-22 fighter and continuing work on the F-117A, F-15 and F-16 fighters.

Electronic Systems Center, at Hanscom AFB MA, develops acquires and integrates command, control, communications, computer and intelligence systems. Among the systems developed by the center are mission planning systems, the Airborne Warning and Control System, the Ballistic Missile Early Warning System, the Joint Surveillance Target Attack Radar System and the North American Aerospace Defense Command Center in Cheyenne Mountain CO.

Appendix B
AFMC Overview (Continued)

Space and Missile Systems Center, at Los Angeles AFB CA, designs and acquires all Air Force and most DoD space systems. It oversees launches, completes on-orbit checkouts, then turns systems over to user agencies. It supports the Program Executive Office for Space on the Navstar Global Positioning, Defense Satellite Communications and Milstar systems. SMC also supports the Titan IV, Defense Meteorological Satellite and Defense Support programs, and Follow-on Early Warning System. In addition, it supports development and acquisition of land-based intercontinental ballistic missiles for the Air Force Program Executive Office - Strategic Systems.

Air Armament Center, at Eglin AFB FL, is responsible for development, acquisition, testing, deployment, and sustainment of conventional and nuclear air-delivered weapons. The center applies advanced technology, engineering and budgeting efficiencies, across the entire product life cycle, to provide superior combat capability. The center also manages all of the large test ranges on the Eglin complex. Responsibilities include planning, directing and conducting test and evaluation of U.S. and allied air armament, navigation/guidance systems, and Command and Control (C2) systems. Major tests include aircraft systems and subsystems, missiles, guns, bombs, rockets, targets and drones, high-powered radar and airborne electronic countermeasures equipment.

AFMC's Test Centers

Arnold Engineering Development Center, at Arnold AFB TN, has the nation's most advanced and largest complex of flight simulation test facilities. The center has more than 50 aerodynamic and propulsion wind tunnels, rocket and turbine engine test cells, space environmental chambers, arc heaters, ballistics ranges and other units. The center tests aircraft, missiles and space systems and subsystems at flight conditions they will experience during a mission.

Air Force Flight Test Center, at Edwards AFB CA, covers 301,000 acres on the western edge of the Mojave Desert and is responsible for aerospace research, development, test and evaluation, and support to the U.S. and its allies. It has tested all the aircraft in the Air Force inventory. The nation's first jet- and rocket-powered aircraft completed their first flights at Edwards AFB. The center is where piloted aircraft first exceeded Machs 1 through 6. It is also the site of lifting-body research flights, critical to the design and development of the space shuttle.

AFMC's Air Logistics Centers

Ogden Air Logistics Center, at Hill AFB UT, provides logistics support for the entire Air Force inventory of intercontinental ballistic missiles, as well as depot-level maintenance for A-10, B-2, C-130, F-4, F-16, and KC-135 aircraft. Other responsibilities include management of the Maverick air-to-ground missile, GBU-15 and laser-guided bombs and the Emergency Rocket Communications Systems. The center is the logistics manager for all landing gear, air munitions, nuclear ordnance for ICBMs, solid propellants and explosive devices used by the Air Force.

Appendix B
AFMC Overview (Continued)

Oklahoma City Air Logistics Center, at Tinker AFB OK, provides worldwide logistics support and depot-level maintenance for a variety of weapons systems, including the B-1B, B-52, multipurpose 135-series aircraft, the E-3 and E-4 and management of the B-2 bomber. It supports the short-range attack missile, the air-launched cruise missile and nuclear ordnance for bombers. The center also manages a large variety of aircraft engines.

Sacramento Air Logistics Center, at McClellan AFB CA, provides worldwide logistics management and depot-level maintenance for a number of aircraft, including the A-7, C-12, C-21 and T-39. The Air Logistics Center and McClellan AFB are scheduled to close 13 July 2001. A-7, C-12, C-21, and T-39 support is relocating to Hill AFB. Communication systems are relocating to Tobyhanna Army Depot PA.

San Antonio Air Logistics Center, at Kelly AFB TX, provides worldwide logistics support and depot-level maintenance for such weapon systems as the A-37A/B, C-131, T-37, and T-38 aircraft. The center manages the fuels, liquid propellants and lubricants used by the Air Force, NASA and other agencies. The Air Logistics Center is scheduled to close 13 July 2001. A-37 A/B and C-131 support and maintenance are relocating to Hill AFB and T-37 and T-38 are moving to Randolph AFB TX. The center for fuel management will remain at Kelly AFB.

Warner Robins Air Logistics Center, at Robins AFB GA, provides worldwide logistics management and depot-level maintenance for the F-15, C-5, C-141 and C-130 aircraft. In addition, the ALC has worldwide management responsibilities for the C-17, U-2, all Air Force helicopters, all special operations aircraft and their peculiar avionics systems. Also, the center provides logistics support for all Air Force missiles, vehicles, general purpose computers and many avionics and electronic warfare systems used on most Air Force aircraft.

The Air Force Research Laboratory

The Air Force Research Laboratory's mission is to lead the discovery, development and integration of affordable, war-fighting technologies for our aerospace forces. As a full-spectrum laboratory, it is responsible for planning and executing the Air Force's entire science and technology budget. This headquarters, located at Wright-Patterson AFB OH, directs the activities of research facilities across the nation.

AFMC's Major Specialized Centers

Aerospace Maintenance and Regeneration Center, at Davis-Monthan AFB AZ, is the site for storing surplus aircraft and for aircraft regeneration. The center stores preserved aircraft indefinitely with minimum deterioration and corrosion because of the meager rainfall, low humidity and alkaline soil in the Tucson area. It presently stores more than 4,500 aircraft from all the services. When production of older aircraft ceases, the center sometimes is the sole source for parts. A large number of aircraft have been successfully reclaimed and sold to foreign countries. Reclamation projects have become a major part of the center's workload.

Appendix B
AFMC Overview (Continued)

Air Force Security Assistance Center, at Wright-Patterson AFB OH, negotiates foreign military sales and defense agreements with foreign countries and international organizations. The center ensures fulfillment of Air Force commitments for goods and services to its foreign customers -- more than 80 foreign governments, allies and international organizations. The center is responsible for information systems and process management that support the logistics and financial management of security-assistance programs.

Command Goals

The Command's goals describe the desired future state of the command, support the Air Force goals, and provide enduring guidance for the command.

> **Command Goals**
>
> **Satisfy our customers' needs in war and peace**
>
> **Enable our people to excel**
>
> **Sustain technological superiority**
>
> **Enhance the excellence of our business practices**
>
> **Operate quality installations**

The Command's strategic objectives are specific statements of an end state or performance to be achieved within a specified time. They are the critical links between output and capabilities and desired future outputs and capabilities, the things we reach for--not the daily tasks we do to accomplish our mission. Strategic objectives serve as the starting point and basis for specific action plans, for AFMC organizations to improve, transform and/or reduce the costs of their outputs.

AFMC's strategic planning process determines the critical priorities to improve command operations and Mission Essential Task (MET) performance. The planning process defines strategic objectives that establish the future desired performance levels of METs. From their inception, objectives and tasks are created within two independent processes. The METs are developed within a hierarchical structure originating from the Air Force Core Competencies and describe the actions AFMC performs in order to execute its daily mission. In short, they describe at a high level what we are doing today. On the other hand, the command objectives are derived from goals associated with inputs (people and infrastructure), activities (processes), and outputs (the fulfillment of warfighters' needs and creation of new technology). AFMC's strategic objectives focus our attention on specific areas for improvement, including broad enablers that affect the accomplishment of more than one Mission Essential Task.

Appendix B
AFMC Overview (Continued)

Command Strategic Objectives

Expeditionary Aerospace Force (EAF)

Objective #1: Support EAF Implementation by Achieving AFMC Commitments in the Areas of Operations Support, Logistics and Modernization by FY05.

Fast, flexible, responsive and reliable service to the warrior is a cornerstone of the new Expeditionary Aerospace Force. As the Air Force transitions from a semi-fixed to a fluid combat capability, its combat forces will get smaller, lighter, faster and more lethal. They'll operate much differently than ever before. Tailored forces will deploy rapidly, with less support, and will fight on arrival.

Weapon Systems

Objective #2: Sustain and Improve Fielded Weapon Systems by Meeting or Exceeding Specific Performance, Cost, Schedule, Safety, and Certification Commitments by FY05.

Air Force warriors should never have to enter a "fair fight," and it's up to AFMC to see that they do not. United States aerospace forces always must have an overwhelming military advantage. We should always fight to win — no defeats, no ties. That's in our national interest because it establishes both credible deterrence and guarantees victory when conflict is unavoidable.

Cost

Objective #3: Reduce Unit Cost of AFMC Products and Services in Real Terms (without Inflation) an average of 8% from the FY98 Baseline by FY07, While Maintaining Appropriate Performance Standards.

Why focus on cost? Plain and simple, because it's the right thing to do. Increasingly, the Air Force's capability to finance force modernization depends largely on its ability to lower the recurring cost of operations and support.

Work Force

Objective #4: Develop a Qualified, Flexible Workforce in Sufficient Numbers with Appropriate Employment/Skills Mix by FY05 to Support the AFMC FY07 Performance and Cost Objectives.

Ultimately, AFMC's people will determine the success of any strategic plan. Our work force enjoys a time-honored record of producing and sustaining the world's finest aerospace forces. Ultimately, AFMC's work force will become more streamlined, outsourced and right-sized. Our objective says along the way, let's be sure our work force is also highly productive and effective.

Appendix B
AFMC Overview (Continued)

Infrastructure

Objective #5: Support the Missions and People at AFMC Installations with Capital Infrastructure that is Properly Sized, Configured and Maintained to Enable Productive Operations and Achieve Air Force Quality of Life Standards by FY10.

AFMC provides stewardship for some of our nation's most precious and prized infrastructure. We host many of America's elite fighting forces. AFMC installations also house some of the world's finest scientific and industrial facilities, and control expansive national air, land and sea resources. This specific objective has two prominent elements —making sure this critical infrastructure effectively can support AFMC's businesses and customers in the future and finding innovative means of controlling and reducing the substantial recurring investment and operating costs.

Command Mission Essential Tasks

The Air Force Task List (AFTL) contains tasks required to perform the Air Force mission. AFMC's combat support mission is performed through the execution of nine mission essential tasks flowing from the AFTL. Performance of AFMC's mission essential tasks is mandatory if the command is to execute its assigned mission. Likewise, failure to perform any of these tasks or performance below standards would result in either decreased ability or failure of the Air Force to carry out its mission.

> **Air Force Task List**
>
> **Provide Air and Space Superiority**
> **Provide Precision Engagement**
> **Provide Information Superiority**
> **Provide Global Attack**
> **Provide Rapid Global Mobility**
> **Provide Agile Combat Support**
> **Provide Command and Control**

> **AFMC Mission Essential Tasks**
> **Provide technical support for fielded systems**
> **Provide and deliver reparable and consumable items**
> **Provide depot repair capability for fielded and emerging weapon systems**
> **Provide combat and support information systems and sustain them**
> **Develop and acquire weapon systems that are effective in combat operations**
> **Demonstrate and transition affordable advanced technologies to better achieve Air Force core competencies**
> **Test and evaluate the functionality and performance of weapon systems**
> **Provide base support services, property management and environmental protection at AFMC installations and deployed locations**
> **Provide information services for AFMC installations**

Appendix C
Financial Management Reform

FY00 marks our third year of the performance-cost management philosophy. As the mission areas continue to focus on increasing efficiency and effectiveness while reducing costs, our financial systems also continue to expand to help the mission areas determine their output and the cost of that output. The financial management community is dedicated to finding better ways to support the accountable managers implementing our performance-cost management philosophy. The following pages highlight the major financial reforms currently underway.

Chief Financial Officer (CFO) Act Compliance

The CFO Act continues to play an important part of our efforts to improve the timeliness and accuracy of our reporting products and procedures. This year, HQ AFMC received the responsibility to report all National Defense Property, Plant and Equipment weapon systems to DFAS-Denver for inclusion in the Air Force Financial Statements. We identified eight inventory systems and numerous manual systems, which report approximately 84,000 assets in 6 major categories. We were able to streamline the reporting process through uniform reporting, specific data calls and system enhancements. In one of our efforts we added three products to the Reliability and Maintainability Information System (REMIS) which reduced the reporting process by two weeks. We are currently engaged in consolidating the eight inventory systems and all manual systems into six systems. As we continue to strive for CFO compliance our reliance on manual reporting efforts of financial information will decrease and accuracy and reliability will increase.

Improved Cost Visibility

Managerial Cost Accounting System (MCAS). MCAS is an AFMC initiative to enable non-Working Capital funded Mission Areas (MA) to collect the full costs associated with MA products using a CFO Compliant/Federal Financial Management Improvement Act (FFMIA) certified backbone – the Job Order Cost Accounting System (JOCAS II). MCAS will enable each MA to measure, analyze and report costs for each of their products and allow leadership to make informed decisions about where resources should be allocated and aid in budget preparation. During FY00, the Information Management MA has established an infrastructure to implement MCAS in the second quarter of FY01.

Depot Maintenance Accounting and Production System (DMAPS). DMAPS is a suite of systems supporting organic depot maintenance for the Air Force. It will be implemented at Oklahoma City Air Logistics Center (OC-ALC), Ogden Air Logistics Center (OO-ALC), and Warner Robins Air Logistics Center (WR-ALC), as well as the Defense Finance and Accounting Service (DFAS) organizations that support the ALCs. A main purpose of this initiative is to modify business practices to bring AFMC into compliance with the CFO (Chief Financial Officer) act in the organic depot maintenance mission area. DMAPS will also be capable of capturing actual and planned direct labor and direct material at the task level and reporting this on a daily basis. Overhead and General and Administrative (G&A) costs will be applied on a planned dollar rate per direct labor hour instead of being calculated and allocated at the end of the month.

Appendix C
Financial Management Reform(Continued)

This will give DMAG the ability to view production costs (direct labor, direct material, applied overhead and G&A) at the task level on a daily basis. Another benefit of DMAPS is that the DFAS Denver Center (DFAS-DE) will gain a fully automated, transaction driven, general ledger process for DMAG accounting. Development and testing continues with full operating capability scheduled for April 2001 at OO-ALC and October 2001 at WR-ALC.

Contract Maintenance Accounting and Production System (CMAPS). CMAPS is currently in the development phase and will complement DMAPS by focusing on contract depot maintenance. CMAPS will provide improved Government Furnished Material (GFM) management and financial reports, reports of contractor authorized use of GFM, managerial cost accounting data, US General Ledger accounts and standardized data. It also will re-host and streamline the Contract Depot Maintenance Production and Cost System (G072D), the Accounting System for Industrial Fund Procurements for GFM (H075C), and the Government Furnished Materiel Transaction Reporting System (G009). The prime goal of this effort is to ensure compliance with the Federal Managers Financial Integrity Act of 1982, the CFO Act of 1990, the Government Performance and Results Act of 1993, the Government Management Reform Act of 1994 and the Federal Financial Management Improvement Act of 1996.

Keystone Decision Support System (DSS). The Keystone DSS (H303) is a data warehouse, that provides Headquarters Air Force Materiel Command Air Logistics Centers (ALCs), Air Force Audit Agency and System Program Offices visibility to a central source of Supply Management Activity Group/Materiel Support Division (SMAG/MSD) financial and logistics legacy systems data. Keystone facilitates analysis of key business indicators such as sales, inventory and accounting data, to support achieving mission area goals and objectives. Keystone DSS has continued to evolve in support of AFMC/CC directed initiatives to provide information to lower level managers, supporting decision making and accountability to affect positive business outcomes. In FY00, functional enhancements included the development of MSD sales visibility for Supply Chain Managers and financial reports by Source of Supply. Additionally, Keystone was modified to allow acceptance of the new US Standard General Ledger Account code structure from DFAS financial feeder systems. In FY01, in response to a user request for a sales forecasting tool for Supply Chain Managers, Keystone will incorporate a capability to generate item level sales forecasts that provides full analysis of all item data and uses a consistent methodology across all ALCs.

Improved Budgeting

Command Management System (CMS). Change, with many updates was the norm for CMS (formerly, Command Business Management System (CBMS)) in FY00. A working group at the headquarters was developed to introduce the best features, ensuring relevant data is captured ahead of all budget and programming exercises and that reports are created to provide the right analysis tool for all financial managers. CMS is now on-line and accessible to the centers for entering requirements data as well as extracting information in pre-designed report formats. Work is underway on a funding module to accommodate both the Program Objective Memorandum (POM) and Financial Plan funding allocation and it is expected to be completed in the 2nd quarter of FY01. Additional program capability will allow "What If" queries and help in budget planning for future years to include identifying a program's unit cost.

Appendix C
Financial Management Reform(Continued)

Improved Accounting and Financial Systems

Air Force Financial Management Systems Office (AFFMSO). Effective 1 Oct 00, the Air Force Financial Management Systems Office was activated at Wright-Patterson Air Force Base as a SAF/FM functional focal point for all Air Force financial systems, excluding budget, which span numerous command lines. The following systems have been transferred to this office:

The Automated Business Services System (ABSS). ABSS is an AF managed software application developed to automate financial document processing and eliminate the manual processing of contract data. The system's intent is to shift financial processes from hard copy to electronic processing. ABSS provides single data entry with Electronic Commerce/Electronic Data Interface to standard accounting, procurement, and payment systems. ABSS reduces processing time for financial documents, reduces errors, and provides increased document traceability. ABSS is a key component of the acquisition community's effort to move toward paperless contracting and the AF effort to reduce problem disbursements. During FY 00, ABSS completed implementation at all active duty AF bases, and increased average usage rate to 95%.

Automated Purchase Card System (APCS). APCS is an AF managed software application that streamlines and automates the processing of purchase card transactions. APCS automates the financial processes, creates payment vouchers, and supports electronic funds transfer payments. A module within APCS called the Purchase Card Payment (PCP) module provides actual obligated amounts to the General Accounting and Finance System. PCP also provides a management tool and mechanism for the Financial Services Office purchase card technician to process the purchase card payments in a more efficient and timely manner. A planned future module provides a tool for the cardholder, approving official and resource advisor to prepare quarterly and annual budgets and to manage funds, thus allowing them to determine if additional funds are required. All AFMC sites were fully implemented in early FY00 and received training on the use of PCP. As a result of the implementation, many sites have decreased the amount of interest paid and have far exceeded the other services in the amount of rebates they receive from the US Bank.

Job Order Cost Accounting System (JOCAS II). JOCAS II is a robust cost accounting system that supports all authorized cost accounting methodologies. Customer usage centers primarily on collecting job order cost accounting information and maintenance of accurate databases from which users receive reliable and timely management reports, journal vouchers and billing documents. It is currently being modified from a character based screen format to a graphical user interface (GUI) windows format that is web-enabled. These modifications will be available in the second quarter of FY01. JOCAS II is also being developed as the backbone for the Managerial Cost Accounting System that will give AFMC Mission Area management a flexible, integrated, reliable, CFO Act compliant/FFMIA certified system to measure performance against strategic objectives, conduct cost benefit analyses, andenable more effective decision-making.